Head of Legal and Democratic Services and Monitoring Officer, T W Mortimer LLB Solicitor

AU

ASHFORD
BOROUGH COUNCIL

Audit Committee

Notice of a meeting, to be held in the Council Chamber, Civic Centre, Tannery Lane, Ashford, Kent TN23 1PL on Tuesday 1st February 2011 at 7.00 pm

The Members of this Committee are:-

Cllr. Wallace (Chairman)
Cllr. Ellison (Vice-Chairman)
Cllrs. Feacey, Koowaree, Mrs Laughton, Link, Smith, Taylor
Portfolio Holder: Cllr. Wood

NB: Under the Council's Public Participation Scheme, members of the public can submit a petition to the Executive if the issue is within its terms of reference or ask a question or speak concerning any item contained on this Agenda (Procedure Rule 9 refers)

Agenda

Page Nos.

1. **Apologies/Substitutes** – To receive Notification of Substitutes in accordance with Procedure Rule 1.2(iii)

2. **Declarations of Interest** - Declarations of Interest under the Code of Conduct adopted by the Council on the 24th May 2007 relating to items on this agenda should be made here. The nature as well as the existence of any such interest must also be declared

3. **Minutes** – To approve the Minutes of the Meeting of this Committee held on the 14th December 2010

Part I – For Decision

4. Action Points from the Review of Audit Committee by LGID

5. Draft Audit Plan 2010/11

Part II – Monitoring/Information Items

6. Corporate Performance Report

7. Annual Governance Statement – Progress on Remedying Exceptions

8. Presentation of Financial Statements

9. Report Tracker and Future Meetings

10. To Agree Date of Additional Meeting Before Elections – Thursday 21st April 2011

DS/VS
24th January 2011

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Audit Committee

Minutes of a Meeting of the Audit Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **14th December 2010**

Present:

Cllr. Taylor (Chairman);
Cllrs. Davison, Feacey, Link, Smith

In accordance with Procedure Rule 1.2 (iii) Councillor Davison attended as Substitute Member Councillor Mrs Laughton.

Apologies:

Cllrs. Ellison, Mrs Laughton.

Also Present:

Cllrs. Mrs Hawes, Mrs Hicks.

Deputy Chief Executive, Head of Internal Audit Partnership, Audit Partnership Manager, Finance Manager, Senior Member Services & Scrutiny Support Officer.

Eamon Lally – Local Government Improvement & Development.

Andy Mack, Debbie Moorhouse – Audit Commission.

308 Election of Chairman

In the absence of the Chairman and Vice-Chairman the Committee was informed that there was a need to elect a Chairman for this Meeting from the Members present. Upon his election the Chairman advised of a change to the order of business of the Meeting.

Resolved:

That Councillor Taylor be elected as Chairman for this Meeting of the Audit Committee.

309 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 27th September 2010 be approved and confirmed as a correct record.

310 Review of the Audit Committee by Local Government Improvement & Development (LGID)

Eamon Lally of Local Government Improvement & Development (LGID) introduced the report which explained that LGID had been commissioned by the Council to undertake a peer review of the Audit Committee. The review was jointly commissioned by Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils and included interviews and discussions with Councillors, Officers and partners. The objective for the review was to allow each Audit Committee to be benchmarked against examples of best practice and thereby help the Committee to become more effective in undertaking its functions. The report included a summary of the review across the four Authorities and broke the findings down into more specific reviews of each Audit Committee. The Committee was asked to consider the LGID report and identify the actions to be taken in relation to the report's findings and conclusions.

In terms of the specific review of the Ashford Committee, Eamon Lally said they had been impressed with the enthusiasm of the Chairman and Members for the Audit Committee work and that they were well regarded. The Committee was well supported by Officers and seemed to have the support of Senior Managers which was important. The Audit Committee had supported the Council to improve its financial position over the last three years and was also now achieving greater independence. Other positives were that the Committee reviewed its own effectiveness and that pre-Committee briefings were provided to Committee Members on topical issues. Ashford's Annual Governance Statement was also developed with Member and Officer involvement.

With regard to some of the areas for development for Audit Committees in general, the first was a real opportunity to expand on existing good practice by keeping up to date with the pace of change of service delivery (partnership working, joint ventures etc.) The Committee could also perhaps expand its governance assurance role to cover partnerships in more detail. There were risks associated with partnership working and this was something that needed to be reflected more in the work of all Audit Committees. There was perhaps also a need for more technical training for Committee Members. The topical briefing sessions at Ashford were good, but in terms of the more specialist development Members did seem to be left a little bit to their own devices and there may be opportunities for joint training across the four Authorities to make it more cost effective.

With particular regard to Ashford, it was suggested that the Committee should produce an annual report of its activities and effectiveness. It would be a way of celebrating achievements and keeping track of issues. There were examples from the other three Councils in the Audit Partnership to draw upon. Another key point to consider was the possibility of appointing co-opted non-voting Members to the Committee. It was seen as good practice and an opportunity to acquire independence, challenge and useful skills and experiences from other sectors. Other areas for development included enhancement of risk reporting and a greater promotion of the role of the Audit Committee across the Council.

Eamon Lally concluded by saying that he hoped Members had found the results of the review useful and that the picture drawn was considered reflective of the Ashford Audit Committee. The Chairman said that the report felt very reflective and was extremely useful. There was a lot in this report and he considered it would be very important to consider the points made and generate some genuine action points to take forward. Something that had concerned him for some time now was that following the May Elections there were bound to be changes to the membership of the Committee and potentially none of the Members may return. If that was the case, all of their knowledge would be lost and the new Audit Committee would have to start from scratch. This report and the actions coming out of it could act as a starting point for the new Committee. In terms of timing, there was only one Meeting of the current Committee left before the Elections and that was on the 1st February 2011. Perhaps there was a need to meet informally with Officers, and perhaps the Chair and Vice-Chair of Overview & Scrutiny, at some point in January 2011 so that firm recommended action points could be submitted to and approved by the Committee in February 2011. Areas for consideration would inevitably be the remit of the Committee and the overlap with others in terms of governance issues, the role of the Governance Management Board, and the potential appointment of a co-opted non-voting Member. This approach was agreed and Eamon Lally said that Officers from LGID would be happy to help facilitate that session if that was wanted.

In response to a question about co-opted Members, it was explained that this would be an interested member of the local community and a traditional application process (with an advert, job description, interviews etc) would need to be undertaken. Tunbridge Wells had received some good quality candidates for their positions (including an ex-Auditor and former member of an NHS Audit Committee) so suitable candidates were out there.

Resolved:

That (i) the report from Local Government Improvement & Development be received and noted.

(ii) an informal session be set up in January 2011 between Committee Members, Officers, and perhaps the Chair and Vice-Chair of Overview & Scrutiny, to identify actions to be taken in relation to the report's findings and conclusions and with a view to reporting these back to the 1st February 2011 Audit Committee Meeting.

311 Closure of the 2007/08 – 2009/10 Audits

The report from the District Auditor explained that he had now fully considered the representations made by a local elector on past years accounts and felt that the audits for 2007/08 – 2009/10 which had been held open, could now be closed. Within the District Auditor's report he asked for a letter of representation to be drafted in respect of the accounts for the last financial year. There had been two matters to report to the District Auditor since the financial statements were approved and these were included in the Deputy Chief Executive's draft formal letter of representation annexed to the report. These matters related to recent decisions in connection with Ashford's Future and related party transactions.

In accordance with Procedure Rule 9.3 Mr Relf, a local resident, attended and spoke on this item. He asked for clarification over the term ‘capital commitments’ in a note to the accounts and whether this referred to money that was due on a contract. In particular, Mr Relf referred to a £150,000 commitment for Stour Centre Retention in the 2008/09 Accounts. The Finance Manager explained that the items in this note were generally where money was due, however if this related to a retention sum then the actual amount may be changed due to negotiations over defects etc. Mr Relf also asked about the Stour Centre Reserve which had been set up to fund fluctuations in transitional operating costs of the Stour Centre and, since the Centre was now fully functional, had now been set aside for the future replacement of equipment. If this was the case why had £500,000 already been spent on the Centre in the three years it had been open? If substantial amounts of money were coming out of the reserves he thought the public deserved to know how it was being spent. The Deputy Chief Executive said he would attempt to answer the question but would provide Mr Relf and the Committee Members with a fuller answer in writing. When the Stour Centre redevelopment had first been proposed a provision had been made to deal with the potential fluctuation of costs due to the part closure of the Centre during the construction work. The Council had been able to manage this in a different way without resorting to reserves. As the reserve had not been called upon it had now been set aside to help pay for the future replacement of plant and equipment that had been installed in the Centre.

Mr Relf also wanted to speak about the Council’s Anti-Fraud and Corruption Strategy and how that stood in the light of the cuts to Local Government Budgets. He understood that £4m was fraudulently claimed in Housing and Council Tax benefits and he also understood that the Council’s Investigations & Visiting Manager had already admitted there were not enough resources available to check all claims against the electoral register. As a small businessman it concerned him that this was leaving the Council open to fraud, particularly with potentially less staff. The Chairman said that there was obviously no limit to the activity that could be undertaken to check such things, but unfortunately there was not the money or resources to do everything.

The Chairman said it was welcome news that the last three sets of Accounts could now be closed in terms of the District Auditor’s formal role.

Resolved:

That the District Auditor’s report be noted and the Deputy Chief Executive’s letter of representation annexed to the covering summary of the report be endorsed.

312 Annual Audit Letter 2009/2010

The District Auditor’s Annual Audit Letter covering the external audit for the 2009/2010 financial year was presented. Andy Mack introduced the item and said that overall this had been a good year for the Council in terms of its financial management and governance arrangements and he hoped the report reflected that. The Council had produced a good set of accounts and working papers and it had led to a straight forward audit process. Credit was due to the Deputy Chief Executive, Finance Manager and their team. There had also been an unqualified opinion in terms of the Council's value for money arrangements. Despite difficult economic circumstances the Council had been able to increase balances and reserves and this was a promising sign for the future.

In terms of the Audit Commission's own future Andy Mack reminded Members of Government's decision to abolish the Commission by 2012. Various options had been explored with the CLG including the potential to establish a staff owned mutual organisation operating in the private sector and specialising in not for profit audit work. This was the preferred option and he said he would keep the Committee updated with developments at future Meetings.

The Chairman said he could only echo the positive comments about the Finance Team and considered that the Council's financial management and the way it was presented had been transformed.

Resolved:

That the District Auditor's Annual Audit Letter for the 2009/2010 financial year be noted.

313 Annual Governance Statement – Progress on Remedying Exceptions for 2009/10

The report provided Members with an update on the progress that had been made so far this year in remedying the governance exceptions in the Annual Governance Statement. The Deputy Chief Executive ran through the four issues one by one and reported that good progress was being made on each one.

The Chairman noted the good progress and said that Partnership Working seemed to be a recurring theme in many different reports at present and something the Committee would need to concentrate on in the future because of the associated risks.

Resolved:

That the progress to date on resolving the governance exceptions identified in the 2009/10 Annual Governance Statement be noted.

314 Ashford Growth Agenda – Strategic Risks

The Head of Internal Audit Partnership introduced the report which had originated from a piece of Internal Audit work on the governance, programme management, accounting and administrative arrangements for Ashford's Future, particularly bearing in mind the Council's role as Accountable Body for Growth Area Funds. Amongst other things the Internal Audit Report recommended a full risk assessment be carried out given the impact of the recession and the likelihood of future announcements of government cutbacks. That full risk assessment had been completed and was set out in this report, however it had to be noted that events had rather overtaken this report as the assessment was completed prior to the recent actions to both review the growth strategy and to begin to wind down the Ashford's Future Company. Once the company had been wound down during 2011, a stock take would be undertaken and there would be a need to have a fresh look at risk management at that stage. A full report setting out risk management arrangements for the Council more generally would come to the next Committee in February 2011, so this report should hopefully provide some assurances, but be considered as largely for information at this time. The findings of the exercise would inform future decisions.

In response to a question the Deputy Chief Executive explained that the general ownership of risk had been discussed at Management Team but it was too soon to get too specific on ownership at this stage and it would be a collective Management Team decision. In terms of Ashford's growth agenda the issue was not just about the Ashford's Future Company but the changing context with increased local delivery and democratic control and the emerging Local Enterprise Partnerships.

Resolved:

That the strategic risk assessment completed in respect of Ashford's Future be noted and the outcomes be used to inform the development of future arrangements for the delivery of growth in Ashford.

315 Report Tracker & Future Meetings

It was confirmed that the following extra item would be added to the Tracker for the next Meeting on the 1st February 2011: -

- Approval of Action Points from the Review of the Audit Committee by Local Government Improvement & Development (following informal meeting in January).

Resolved:

That subject to the comments above, the report be received and noted.

316 Seasons Greetings

The Chairman wished everyone present a very Merry Christmas and prosperous New Year.

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AUDIT COMMITTEE

1ST FEBRUARY 2011

ACTION POINTS FROM THE REVIEW OF THE AUDIT COMMITTEE BY LOCAL GOVERNMENT IMPROVEMENT AND DEVELOPMENT (LGID)

Background

LGID was commissioned by the Council to undertake a peer review of the Audit Committee. The review was jointly commissioned by Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils and included interviews and discussions with Councillors, Officers and partners. The objective for the review was to allow each Audit Committee to be benchmarked against examples of best practice and thereby help the Committee to become more effective in undertaking its functions. The final report included a summary of the review across the four Authorities and broke the findings down into more specific reviews of each Audit Committee. The report was submitted to the 14th December 2010 Meeting of the Committee and a discussion ensued about the actions to be taken in relation to the report's findings and conclusions.

It was agreed that an informal session should be set up in January 2011 between Committee Members, Officers and the Chair and Vice-Chair of Overview & Scrutiny to identify actions to be taken in relation to the report's findings and conclusions with a review to reporting these back to the 1st February Meeting of this Committee. That session took place on Wednesday 19th January and was attended by the Chairman and Vice Chairman of the Committee, one other Committee Member, the Chairman of Overview & Scrutiny, the Deputy Chief Executive, the Head of the Internal Audit Partnership, the Audit Partnership Manager and Eamon Lally of LGID. The outcomes of that meeting are outlined below: -

Informal Session – 19th January 2011

The original LGID report listed six Areas for Development for Ashford's Audit Committee (listed in bold below). There was broad agreement on all of these points, but further relevant comments have been added next to each.

- **Risk reports need enhancing**
  The reporting of risk was clearly something that needed to be developed. There needed to be a greater understanding of risk, risk management and which Committee was responsible for which elements, across the Authority. Officers explained that a paper on the future proposals for risk management had been added to the Agenda for the April Meeting of this Committee. The Chairman was keen for this to be made clearer to incoming Council Members in May in terms of who was responsible for what and endeavoured to consult with the Overview & Scrutiny Chairman on forward work planning and producing a comprehensive checklist on all areas of risk. A useful

Governance Pack had been produced by Dover District Council covering what each Committee was responsible for in terms of risk, and it was considered that it would be useful to pursue something similar for Ashford.

- **Committee could expand its governance assurance role to cover partnerships**
  Partnerships were accepted as an area the Committee needed to have a greater understanding of. It was agreed to add a paper to the Agenda for the April Meeting of this Committee outlining a recommended approach for dealing with both current and emerging partnerships.

- **Audit Committee should produce an annual report of its activities and effectiveness**
  This was accepted and copies of a similar report already produced by Tunbridge Wells' Audit Committee were circulated as an example of good practice. It was considered it would be a good way of informing everybody what the Committee did and passing messages on to others. However, they should guard against simply listing achievements and "patting each other on the back". Further to this it was agreed that the Committee should consider developing a forward plan of work and that this would lead to informal discussion of chairs of Audit and Overview & Scrutiny to discuss and agree how some work might be divided across the Committees.

- **Skills assessment and further development for Committee Members**
  Accepted and will be covered following Borough Elections in May 2011. Committee make-up likely to be different and early training (late May/early June) will be essential ahead of scheduled Meetings on 7th and 21st June 2011. It would be important for the role and skill-set needed to be an Audit Committee Member to be clearly defined and for Members to be brought to a common level of understanding as soon as possible in the areas of auditing, accounting, risk management and partnerships to give Members the confidence to challenge and ask questions. Training on this would perhaps be best delivered by an external provider and jointly across the four Authorities. The Governance Pack as mentioned about would also be a useful addition. Another point for consideration would be small groups of Members sitting with an Officer in Audit and going through an audit file from start to finish. This would only have to happen perhaps once in the four-year cycle but would provide additional evidence and background to audit reports, as well as being a training/development opportunity for Members.

- **Council could consider appointing co-opted non-voting Members**
  There was quite a lot of discussion on this issue with views on either side. Therefore the agreed approach was to find out a little more about the process of appointing a co-opted Member and report that to the Audit Committee in April 2011. The decision on whether to go ahead

with an appointment would then be left for the new Committee to decide if it was something they wished to pursue. It would clearly be important to get any recruitment process right, and only appoint if a suitable candidate(s) emerged, but it was considered an Independent Member(s) could offer benefits and potentially help a new Committee with its development.

- **Greater promotion of the role of the Audit Committee across the Council**
  Again this was accepted but it was considered this should not just be about promoting the Committee but wider promotion of all elements of its work, particularly risk management. There was a need to be more open and engaging and the message should be that the role of the Audit Committee was to support rather than to police. In terms of how that could be done in practice, the previous suggestions about Members going through an audit file with Officers, a greater explanation of what each Committee was responsible for and an Annual report would all help in this. It might also be useful to consider appointing 'lead Members' for each element of the Committee's work (e.g. risk, governance, accounting etc) to act as an intermediary between Officers and Committee Members and divide the workload.

Recommendation:

The Committee is asked to consider the six Action Points above and agree a way forward.

Danny Sheppard
Senior Member Services Officer
24th January 2011

Agenda Item No:	5
Report To:	**AUDIT COMMITTEE**
Date:	**1 FEBRUARY 2011**
Report Title:	**Audit Commission's Proposed Audit Plan for the 2010/2011 Audit**
Report Author:	Andy Mack/Debbie Moorhouse – Audit Commission Paul Naylor, Deputy Chief Executive – covering summary

ASHFORD
BOROUGH COUNCIL

Summary:

Attached is the District Auditor's report setting out the proposed work plan and fee arrangement for the external audit covering 2010/2011. This will be the final year of external audit in its current form. From 1 April 2012 new arrangements are expected. Details of their form, however, are not as yet finalised with Government.

The 2010/2011 Audit Plan contains two elements: the audit of the 2010/2011 Financial Statements, and the statutory Value for Money conclusion covering 2010/2011. There is no other planned external audit activity. The financial statements audit will in particular examine the Council's compliance with the new International Financial Reporting Standards, as well as further improvements made to the accounts and supporting processes recommended from the last audit. As reported to the Committee previously the Finance Manager and his Team have all matters in hand.

The fee of £139,500 is within the Council's proposed budget.

The District Auditor will attend to present the report.

Key Decision:	Not applicable
Affected Wards:	Not applicable
Recommendations:	**The Audit Committee is asked to note the District Auditor's proposed 2010/2011 Audit Plan.**
Financial Implications:	The proposed audit fee for the year of £139,500 is within the Budget. Other fees will be payable for grant claims work, which are separately budgeted.
Risk Assessment	In setting the Plan and the fee proposal the District Auditor has made his own risk assessment. Improvements made to the Council's financial reporting and associated procedures have contributed to lowering the audit risk.
Equalities Impact Assessment	Not applicable
Other Material Implications:	None
Contacts:	Paul Naylor – paul.naylor@ashford.gov.uk 01233 330436 Debbie Moorhouse - d-moorhouse@audit-commission.gov.uk

Audit plan

Ashford Borough Council

Audit 2010/11

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Contents

DRAFT

Introduction

This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11.

1 The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to your local circumstances; and
- your local risks.

Responsibilities

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.

2 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

3 I comply with the statutory requirements governing our audit work, in particular:

- the Audit Commission Act 1998; and
- the Code of Audit Practice.

Fee for the audit

4 I propose a fee for the audit of £139,500. This compares with my initial estimate for the combined audit and inspection programme of £148,652. It also compares with a scale fee for the audit of £124,682. Further analysis is set out below.

Table 1: **Audit and inspection fees 2009/10 and 2010/11**

Area of work	2009/10 Actual fee	2010/11 Initial estimate Apr 2010	2010/11 Revised estimate Jan 2011
	£	£	£
Audit	138,800	139,500	139,500
Inspection	9,152	9,152	0
Total	147,952	148,652	139,500

5 In my initial fee letter of April 2010, I advised that the Audit Commission would be issuing councils with a rebate for the cost of the one off first year audit of IFRS. At Ashford this represents a rebate of £7,684 against the figures above.

6 In addition, the Commission is currently consulting on changes to 2010/11 fees. The current proposal is that District Councils should receive a further rebate of 1.5% of the scale fee reflecting both the new approach to local VFM audit work and a reduction in the ongoing audit costs associated with the introduction of IFRS.

7 In setting the fee, I have assumed that:

- good quality, accurate working papers are available at the start of the financial statements audit.
- The Council will supply good quality working papers to support the restatement of 2009/10 balances to comply with International Financial Reporting Standards (IFRS); and
- Internal Audit undertakes appropriate work on all material systems and this is available for our review by 30 April 2011.

8 Where these assumptions are not met, I will be required to undertake additional work which may result in an increased audit fee. Where this is the case, I will discuss this first with the Deputy Chief Executive and I will issue supplements to the plan to record any revisions to the risk and the impact on the fee.

9 Further information on the basis for the fee is set out in Appendix 1.

Specific actions Ashford Borough Council could take to reduce its audit fees

10 The Audit Commission requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with staff to identify any specific actions the Council could take and to provide ongoing audit support. There are no areas where I recommend you take action or can improve which would result in a reduced fee at the moment.

11 At the conclusion of the 2009/10 audit my team conducted a debrief meeting with officers. This meeting identified what action could be taken by the Council and ourselves to improve the audit process for 2010/11. This included:

- Reviewing supporting working papers;
- Formal updates of audit progress during the post statements audit; and
- Earlier communication of the certification timetable for individual returns.

12 We also identified a small number of areas where further improvements in controls could be identified. Appendix 2 sets out these areas and action to be taken by the Council this year.

Auditors report on the financial statements

I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

13 I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

Materiality

14 I will apply the concept of materiality in both planning and performing the audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

Identifying opinion audit risks

15 I need to understand fully the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Council, including assessing your own risk management arrangements;
- considering the financial performance of the Council;
- assessing internal control - including reviewing the control environment, the IT control environment and Internal Audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Councils information systems.

16 Appendix 3 to this report sets out those areas where we require a formal response from the Audit Committee as part of completing our work. We would appreciate it if members could discuss the matters raised and provide a formal response either through email or letter by 31 March 2011.

Identification of specific risks

I have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

Table 2: **Specific and significant risks**

Specific and significant opinion risks identified to date

Risk area	Audit response
Implementation of IFRS The 2010/11 financial statements will be produced in accordance with International Financial Reporting Standards (IFRS). The new standards will require restatement of both opening and closing balances from the previous year as well as additional disclosures. There is a risk that councils which are not well prepared for the new requirements will not succeed in preparing the necessary information in time. In particular we will need to assess the impact of potential changes to group reporting requirements in respect of Ashford's Future.	We will monitor the Council's progress in introducing IFRS as set out in its implementation plan. We will undertake specific work to review the restated balances from 2009/10 and to review the treatment of complex transactions such as leases. We will assess your progress during the year and report back on the findings to your Audit Committee.

Testing strategy

On the basis of risks identified above I will produce a testing strategy which will consist of testing key controls and/or substantive tests of transaction streams and material account balances at year end.

17 I can carry out the testing both before and after the draft financial statements have been produced (pre- and post-statement testing).

18 Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.

- Review of restatement of 2009/10 accounts from UK GAAP to IFRS.
- Review of IFRS accounting policies.
- In year treasury management transactions

Where I identify other possible early testing, I will discuss it with officers.

19 Wherever possible, I will seek to rely on the work of Internal Audit to help meet my responsibilities. For 2010/11, I expect to be able to use the results of the following pieces of work.

- Creditors;
- Debtors;
- Housing Benefits;
- Housing Rents;
- Car Park Income;
- ICT; and
- National Non-Domestic Rates

20 I will also seek to rely on the work of other auditors and experts, as appropriate, to meet my responsibilities. For 2010/11, I plan to rely on the work of other auditors in the following areas:

- KCC auditor - pension disclosures
- Ashford's Future auditor - dependent on assessment of group accounting treatment.

21 I also plan to rely on the work of experts in the following areas:

- Savills - valuers
- Gerard Eves - valuers
- Barnett Waddingham - pension fund actuary

Changes to International Standards on Auditing (ISAs)

22 My audit of your financial statements is governed by a framework established by International Standards on Auditing (ISAs). These set out the basic principles and essential procedures which govern my work.

23 As with all guidance and frameworks, auditing standards are frequently revised and updated, often in a piecemeal fashion. However, in 2009 the auditing profession completed a comprehensive project to enhance the clarity of all of the ISAs. This is known as the Clarity Project.

24 One of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This has been done by reducing the ambiguity within the existing ISAs and improving their overall readability and understandability.

25 The new clarified framework will apply to my audit of your 2010/11 financial statements. Because of the new standards, you can expect to see some changes in the way my audit team delivers your audit and the information they request from you. Appendix 3 sets out the main changes you will see.

Value for money conclusion

I am required to give a statutory VFM conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

26 In 2010/11 the Audit Commission has introduced a new approach to its value for money assessment. In summary, the new approach is intended to be proportionate and risk based. This is based on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

Value for money risks

27 I will plan a programme of VFM audit work based on my risk assessment. At your Council, I envisage that we will focus on:

- your medium term financial strategy and savings plans
- financial standing, including resilience of future cost efficiency plans.

28 The work will not be scored, but we will report back on our findings, including examples of good practice and any areas for improvement. We will minimise the burden for you from this work, by making use as far as possible of existing Council information. We will aim to provide helpful and constructive feedback during and at the end of the audit.

Key milestones and deadlines

The Council is required to prepare the financial statements by 30 June 2011. I am required to complete the audit and issue the opinion and value for money conclusion by 30 September 2011.

29 The key stages in producing and auditing the financial statements are in Table 2.

30 I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependent on the timely receipt of accurate working papers.

31 Every week, during the audit, the audit team will meet with the key contact and review the status of all queries. I can arrange meetings at a different frequency depending on the need and the number of issues arising.

Table 3: **Proposed timetable**

Activity	Date
Control and early substantive testing	December 2010 and March 2011
Receipt of accounts	21 June 2011
Audit working papers ready for the auditor	27 June 2011
Start of detailed testing	27 June 2011
Progress meetings	Weekly
Present report to those charged with governance at the audit committee	20 September 2011
Issue opinion and value for money conclusion	30 September 2011

The audit team

Table 3 shows the key members of the audit team for the 2010/11 audit.

Table 4: **Audit team**

Name	Contact details	Responsibilities
Andy Mack Engagement Lead	a-mack@audit-commission.gov.uk 0844 798 2846	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive.
Deborah Moorhouse Engagement Manager	d-moorhouse@audit-commission.gov.uk 0844 798 1373	Manages and coordinates the different elements of the audit work. Key point of contact for the Deputy Chief Executive. Manager up to March 2011
Lynn Clayton Engagement Manager	l-clayton@audit-commission.gov.uk 0844 798 1358	Lynn will cover for Deborah from March 2011 while she is on maternity leave. Deborah and Lynn will ensure there is an effective handover with minimal disruption to the audit process.

Independence and objectivity

32 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which I am required by auditing and ethical standards to communicate to you.

33 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

Meetings

34 The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers. Our proposals are set out in Appendix 3.

Quality of service

35 I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

36 If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Planned outputs

37 My team will discuss and agree reports with the right officers before issuing them to the Audit Committee.

Table 5: **Planned outputs**

Planned output	Indicative date
Annual governance report	20 September 2011
Auditor's report giving an opinion on the financial statements	30 September 2011
Final accounts memorandum [optional]	November 2011
Annual audit letter	November 2011

Appendix 1 Basis for fee

The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council with reference to:

- my cumulative knowledge of the Council;
  - planning guidance issued by the Audit Commission;
  - the specific results of previous and ongoing audit work;
- interviews with Council officers; and
- liaison with Internal Audit.

Assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2009/10;
- you will inform me of significant developments impacting on the audit;
- Internal Audit meets the appropriate professional standards;
- Internal Audit undertakes appropriate work on systems that provide material figures in the financial statements sufficient that I can place reliance for the purposes of our audit;
- you provide:
  - good quality working papers and records to support the financial statements by 27 June 2011;
  - information asked for within agreed timescales;
  - prompt responses to draft reports; and
- there is no allowance for extra work needed to address questions or objections raised by local government electors.

Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

Appendix 2 Improvement areas for 2010/11

Control issue arising	Action agreed
Journals Supporting documentation for journal entries was not retained in the system. This caused delays as officers had to reproduce the supporting documentation from other records. Approach to journals testing was discussed in light of Clarity ISAs, further work to be completed to refine the selection of journals for testing.	Ashford Borough Council: Agreed that supporting documentation will be retained for all journals. Audit Commission: Discussed difficulty of identifying the correct type of journal within the system for review to discuss classification of journals as part of interim to try and reduce population size.
Updates to the Fixed Asset Register During the course of year end testing we identified minor discrepancies in the fixed asset register, these relate to: ■ Changes to classification of assets not being updated in the Fixed Asset Register ■ Assets which have been identified for disposal in 10/11 but not recorded in the Fixed Asset Register.	Capital Accountant to up date Fixed Asset Register prior to final accounts audit
Bank reconciliation There were delays in the completion of the year end bank reconciliation due to staff changes during the year.	Complete the bank reconciliation promptly throughout the year and identify and clear reconciling items on a timely basis as part of this process.
Bad debt provision During the course of year end testing it was identified that the rationale for some of the individual provisions had not been reviewed for some time.	Review basis for all bad debt provisions to ensure it continues to be valid.
Car park income reconciliation to the General Ledger There is currently no reconciliation between the car park income system to the amounts recorded in the GL.	Review the current procedure and determine reason why reconciliation is no longer being completed. Ensure this is done going forward.

Appendix 3 Audit of Ashford Borough Council's Financial Statements - Compliance with International Auditing Standards

In order to comply with a number of International Standard on Auditing I am required to obtain an understanding of the following:

1) How those charged with governance exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2) How the Audit Committee oversees management processes to identify and respond to the risk of fraud and possible breaches of internal control.

3) Whether you have knowledge of any actual, suspected or alleged frauds

4) How you gain assurance that all relevant laws and regulations have been complied with.

Please discuss the current arrangements and provide a formal response to Lynn Clayton (l-clayton@audit-commission.gov.uk) by letter or email by 31 March 2010.

Appendix 4 - Changes to International Standards on Auditing (ISAs)

The main changes you will see as a result of changes to International Standards on Auditing (ISAs) are as follows:

Journals

I will be required to review all material year-end adjustment journals. I can do this by using IT interrogation tools, depending on the compatibility of your general ledger software. Deborah Moorhouse, your Engagement Manager, will discuss a suitable approach to this work soon.

Related Party Transactions

I am required to review your procedures for identifying related party transactions and to obtain an understanding of the controls that you have established to identify such transactions. I will also review minutes and correspondence for evidence of related party transactions and carry out testing to ensure the related party transaction disclosures you make in your financial statements are complete and accurate.

Accounting Estimates

I will be required to look at your accounting estimates in detail. As part of my audit I will request a list of these from you. I will need to know in particular:

- the process you use to make your accounting estimates and the controls you have put in place;
- whether you use an expert to assist you in making the accounting estimates;
- whether any alternative estimates have been discussed and why they have been rejected;
- how you assess the degree of estimation uncertainty (this is the level of uncertainty arising because the estimate cannot be precise or exact) ; and
- the prior year's accounting estimates outcomes, and whether there has been a change in the method of calculation for the current year.

Deficiencies in internal control

A new standard (ISA 265) has been introduced relating to how I must communicate deficiencies in Internal Control to 'those charged with governance' and the Trust's management.

If I identify a deficiency in any of your internal controls during my audit, I will undertake further audit testing to decide whether the deficiency is significant. If I decide the deficiency is significant, I will report it in writing to your Audit Committee as 'those charged with governance'.

Impact on Audit Fees

It is likely that these changes to the auditing standards will increase the audit procedures that I will need to carry out. However, as previously advised, the Audit Commission will use its own efficiency savings to absorb the cost of any additional requirements.

Appendix 5 Independence and objectivity

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the [Audit Committee]. The auditor reserves the right, however, to communicate directly with the [Council/Trust/PCT] on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.

- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional safeguards in the last 2 years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 6 Working together

Meetings

The audit team will ensure we have knowledge of your issues to inform our risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 6: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Finance Manager	AM and Team Leader (TL)	December, July, September	General update plus: December - audit planning and interim July - accounts progress September - annual governance report
Deputy Chief Executive	DA and TL	Quarterly	Update on audit issues
Audit Committee	DA and AM, with TL as appropriate	As determined by the Committee	Formal reporting of: Audit Plan Annual governance report Other issues as appropriate

Sustainability

The Audit Commission is committed to promoting sustainability in our working practices and I will actively consider opportunities to reduce our impact on the environment. This will include:

- reducing paper flow by encouraging you to submit documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

Appendix 7 Glossary

Annual audit letter

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB, which contain basic principles and essential procedures with which auditors are required to comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

Internal control

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality (and significance)

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Members

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also ‘Those charged with governance’ and ‘Audited body’.)

Regularity (of expenditure and income)

Whether, subject to the concept of materiality, the expenditure and income of the audited body have been applied for the purposes intended by parliament, and whether they conform with the authorities that govern them.

Statement on internal control/Annual Governance Statement

Local government bodies are required to publish a statement on internal control (SIC) with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the SIC are supported and evidenced by the body's assurance framework. At local authorities the SIC is known as the Annual Governance Statement and is prepared in accordance with guidance issued by CIPFA. Police authorities also produce a SIC in accordance with relevant CIPFA guidance. Local probation trusts are required to prepare a SIC in accordance with the requirements specified by HM Treasury in Managing Public Money.

Those charged with governance

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are:

- for local authorities – the full council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements;
- for police or fire authorities – the full authority, audit committee (where established) or other committee with delegated responsibility for approval of the financial statements;
- for local probation boards and trusts – the board or audit committee; and
- for other local government bodies – the full authority or board or council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements

Audit committees are not mandatory for local government bodies, other than police authorities and local probation trusts. Other bodies are expected to put in place proper arrangements to allow those charged with governance to discuss audit matters with both internal and external auditors. Auditors should satisfy themselves that these matters, and auditors' reports, are considered at the level within the audited body that they consider to be most appropriate.

Whole of Government Accounts

The Whole of Government Accounts initiative is to produce a set of consolidated financial accounts for the entire UK public sector on commercial accounting principles. Local government bodies, other than probation boards and trusts, are required to submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, their statutory accounts.

Agenda Item No:	**6**
Report To:	**EXECUTIVE** **AUDIT COMMITTEE**
Date:	**13TH JANUARY 2011** **1ST FEBRUARY 2011**
Report Title:	**Corporate Performance Report (to November 2010) and Direction of Travel**
Report Author:	Policy and Performance Officer

ASHFORD
BOROUGH COUNCIL

Summary:

Ashford Borough Council's Performance, as measured by the current batch of internal and external Performance Indicators, remains strong, although there are indications of short to medium-term pressures in areas directly related to external demand for services.

The Council is currently drawing up a reshaped Performance Management Framework, to demonstrate delivery of the Business Plan and allow Management Team to actively consider any issues related to the internal running of the Council.

Key Decision: NO

Affected Wards Potentially all, but none specifically.

Recommendations: **The Executive is asked to**

- **note the performance of the council between July and November 2010, as presented below on the previously agreed exceptions basis**
- **agree to receive full proposals on a new Performance Management Framework for the Council, incorporating those elements detailed in the Direction of Travel below, in time for implementation from the 2011-12 financial year**

Policy Overview: N/A

Financial Implications: N/A for this report

Other Material Implications: None

Background Papers:	Performance Compendium Report, Executive 8th July 2010
Contacts:	Nicholas.clayton@ashford.gov.uk – Tel 01233 330208

Agenda Item No. 6

Report Title: **Corporate Performance Report (to November 2010) and Direction of Travel**

Purpose of the Report

1. The purpose of this report is to provide Members with information, and a brief commentary, on significant exceptions regarding the Council's Performance.

2. The report will also serve as an update on the Direction of Travel regarding strategic Performance Management within the Council; to provide information on current work in reforming the Council's Performance Management Framework to take account of changes implemented by the new Government, as well as reporting in accordance with the developing Five-Year Business Plan.

Performance

3. As with the Performance report presented to Members in July, key performance issues for the period July – November 2010 are reported on an exceptions basis, with commentary analysing the trends behind underperformance in this area (presented in a box below the relevant paragraph). All other Performance for the Council remains steady.

4. Increasing workloads, combined with reallocations of internal resource at the end of the last financial year have led to a slowing of response times for a number of areas dealing with correspondence.

5. Although performance elsewhere in Planning's Building and Development control units remain strong (i.e. the acknowledgement of Full Plans in a timely manner), pockets of underperformance have become apparent since the previous performance report - specifically with regard to response times for written correspondence. In October, the percentage of letters answered within 10 and 15 days by the Building Control Unit was 49 and 64 percent respectively. This emphasises a steady decline in response times in comparison with July, when the corresponding percentages were 70 and 89 percent.

Commentary There is a proportionate relationship between increasing correspondence times in Building Control, and the workload seen in the department. When looking at the Total Number of Applications received by the unit, there was a rapid increase in applications over the second half of the calendar year – up to a peak of 148 in September – creating a backlog which has meant that correspondence times have suffered. Moreover the rate of Housing Start-ups ballooned in March and April, doubling from the normal trend to around 100. This also added to the backlog of work seen by officers. Both Housing Start-up and Application figures have plateaued in recent months, therefore it will remain to be seen if performance rallies accordingly.

6. Increasing volumes, combined with short-term reduced staffing numbers, have also been seen in the Customer Services Team. The percentage of calls answered on time by officers (for the purposes of this indicator a target set at two minutes) fell from 75% to under 50% between July and October. Consequently around 10% more calls were dealt with by the automated system over the corresponding period. There have been an average of 19,250 calls offered each month to the Contact Centre, which although down on the high of 25,000 seen in May 2010, is above average compared to previous years.

7. Further details concerning the call / visitor volumes and handling experienced by front-of-house officers can be found in the Housing Services Quarterly Performance Report, to be considered by members during this Executive meeting.

Commentary The reasons behind the performance noted above were enquired of the relevant Head of Service. Higher than average sickness levels among Customer Service staff, as well as amended arrangements for the taking of leave, contributed to short-term shortfalls in staffing numbers. Slightly above-average call volumes may well have also played a part.

8. Pressure on the Benefits team to deal with the rapidly rising caseload was noted as a significant future issue for the Council in the July Performance Report. This is because increased numbers of claimants impacts upon uptake in other council services in the medium to long-term; thereby influencing wider council performance.

9. Pleasingly, although the Benefits Caseload is still increasing, it is at a slower rate compared to 2008 and 2009. From July to October of this year the caseload increased by just under 1%, which compares well with the same period last year where the caseload increased by 2.5%.

10. Wider information on the local Economy in Ashford can be found in the Local Economic Monitor (**Appendix A**).

Risks

11. A report on proposals for future Risk Management will be presented to the Audit Committee in February 2011.

Direction of Travel - Current Performance Landscape

From Government

12. The Department for Communities and Local Government has already announced the abolition of the LAA system, and with it the framework for National Indicators and the associated targets and reporting. However, to add to confusion, National Indicators are still to be collected (unless they represent an administrative burden) but at the time of writing have not been formally scrapped. The Government has, however, emphasised that it sees local residents and not Whitehall as the chief audience for the performance of the council; instead of top-down targeting, Performance will need to be displayed in the round, and in a way that is relevant and understandable to the largest number of local people. For Ashford delivery of the key outcomes of the Five-Year Business Plan will act as key performance measures in lieu of National Indicators.

Five-Year Business Plan

13. This has now been agreed as a strategic document by Management Team and Members, ahead of formal acceptance in February. The four key themes identified are currently being honed into Priority Plans, which will take the place of traditional Service Planning. These documents will set out the yearly outcomes and deliverables the Council will aim to complete to demonstrate delivery of the Business Plan to residents. This will form the basis for the external Performance Management Framework, and allow residents to plainly and simply see what the council has and has not done against the outcomes it set itself. Moreover Priority Plans will -

    - Encourage staff to appreciate that delivery of the Business Plan is a cross-council objective, not specifically related to traditional service silos.

- Identify those services which contribute towards the wider objectives, either through supporting lead services or by partnership outside of the Authority.
- Allow all staff to see how they fit into the delivery of the Business Plan, even if they themselves are not involved in the lead service for a particular priority.
- Maintain important continuity between the four priorities of the Business Plan and these Priority Plans which Management Team will be expected to demonstrate delivery against.

14. Priority Plans will be disseminated to services, through workshops and one-to-ones, to be completed during January 2011.

15. The Council's performance against the Business Plan will also be presented to residents within an Annual Report, to be compiled for the June following the end of each financial year.

Internal Performance Management

16. Under the initially-proposed methodology of the council's revised Performance Management Framework, Management Team will have responsibility for supplying (on a quarterly basis) appropriate management information with which to suitably brief senior officers and members on internal team management and workforce issues. This will take place in conjunction with wider risk management and financial monitoring.

Key 'Healthcheck' Indicators

17. There will be the opportunity to choose key indicators from either external or internal performance which best represent the 'Health' of the council once the Performance Framework is developed further. These indicators would demonstrate the Council's resilience in maintaining continued levels of service delivery.

Strategic Projects

18. As part of the Council's transparency agenda, Management Team has been charged with the regular collection of short briefings on the progress of those projects and partnerships that are deemed of strategic importance. Reporting arrangements have been built into the Management Team Forward Plan, alongside similar regular updates from the Business Change and Efficiency Team.

19. All of the above will be incorporated into a revised Performance Management Framework, to be agreed by members in early 2011 for implementation at the start of the next financial year.

Direction of Travel - Future Implications on Performance Monitoring

20. Over and above the changes detailed previously in revising the Council's own Performance Management Framework, there are a number of other developments for 2011 that will impact on the presenting of the Authorities' performance.

DCLG (and other Departments') Information Strategies

21. Each Central Government Department has released a list of key datasets that they need to collect. These are contributed to from a number of sources, including Local Authorities. In continuing to collect this data for Government – none of which is over and above information currently reported on – some of the data-gaps left by the anticipated loss of NIs will closed. These lists are currently out for consultation, before a comprehensive list and collection methodology is released before the new financial year. ABC's response to this consultation will go before Management Team in January.

External Audit

22. The Audit Commission will remain and continue to fulfil its obligations to Local Government until March 2011. This will include carrying out limited reviews of the council's finance and value for money. An initial meeting for the next round of Audit Commission work will take place in Early 2011. This Value for Money conclusion will include deliberations on financial resilience, efficiency, managing financial risks in the current climate and prioritisation of resources. The Commission will also continue to look at issues of Data Quality, which does include the validity of data held within Performance Information. All of these conclusions, alongside any other external audit that may be compiled in future years, will be fed through the revised Performance Management Framework to Members and Management Team.

Sector Self-Regulation (assisted by Local Government Improvement and Development)

23. The Local Government Group consulted over the summer on a proposal to replace some of the benchmarking and comparison role of the NIs with an inter-council regulation framework to drive improvement from within the sector, with authorities responsible for their own performance. A final response and offer is not available for this consultation at the time of writing, however it is envisaged that informal benchmarking will be facilitated online. A peer review system is also proposed.

Reporting

24. Although all of the above areas come together as inputs to a future Performance Management Framework, the way in which the information they contain will be reported will differ depending on the audiences. Audiences for council performance information fall into the following categories –

    - The Public
    - Members
    - Management Team
    - Staff

25. Reporting to the above categories can be broadly drawn together under Internal and External Performance Reporting.

26. External Performance report will be strictly based around demonstrating delivery of the Business Plan, through information on outcomes brought together regularly through Priority Plans, and updates against the Council's strategic projects.

27. Such an approach would allow for top-level reporting of key performance highlights from those individual priority streams as laid out in the Business Plan, as well as a simple tracking system for ensuring that key stakeholders are aware of whether integral projects are on or off track (and commentary / reasons for any changes). Further details would sit behind this reporting, to be available if required.

28. Internal Performance Management is exemplified by the information and indicators that Management would need to bring together to demonstrate that services are operating at a reasonable level and that there are no major areas of concern with regards the workforce or workloads. This covers data collection for central government, benchmarking against value for money and unit costs vis-à-vis other authorities, and auditing by external and internal sources when carried out.

29. The outputs from a Performance Management Framework (what each of the four audiences would see) would therefore be different.

30. Initial proposals would see each category receive information on specific areas of the overall Performance Framework as such –

    - **The Public** – An Annual Report drawing together information specifically on the delivery of objectives against the Business Plan, through key project initiatives and wider outcomes as catalogued in Priority Plans.

- **Members** – Performance Reports on a quarterly basis, primarily based on giving delivery updates for Priority Plans and key projects. This would be coupled with a brief summary of any internal performance issues, on an exceptions basis. Where appropriate, these may be flagged under a small number of ‘Healthcheck Indicators’.
- **Management Team** – To be charged with pulling together appropriate internal management information (possibly through the 1 on 1 process with the Chief Executive). These would be compiled and fed back with a commentary on any issues to the Performance Officer, for reporting to members as above.
- **Staff** – Priority Plans will feed down to Individual and Team Plans and the Appraisal process.

Conclusions

31. Ashford Borough Council’s Performance, as measured by the current batch of internal and external Performance Indicators, remains strong, although there are indications of short to medium-term pressures in areas directly related to external demand for services.

32. The Council is currently drawing up a reshaped Performance Management Framework, to demonstrate delivery of the Business Plan and allow Management Team to actively consider any issues related to the internal running of the Council.

33. If the Executive agrees to receive it, the updated Framework will be reported to the members in the new year, following the conclusion on internal consultation on appropriate measures of success, coupled with adherence to the new performance landscape as contributed to be central government demands and future inspection regimes. This Framework will begin to be reported upon from the start of the 2011-12 financial year.

Portfolio Holder comments

34. To follow

Contact: Nick Clayton, Policy and Performance Officer

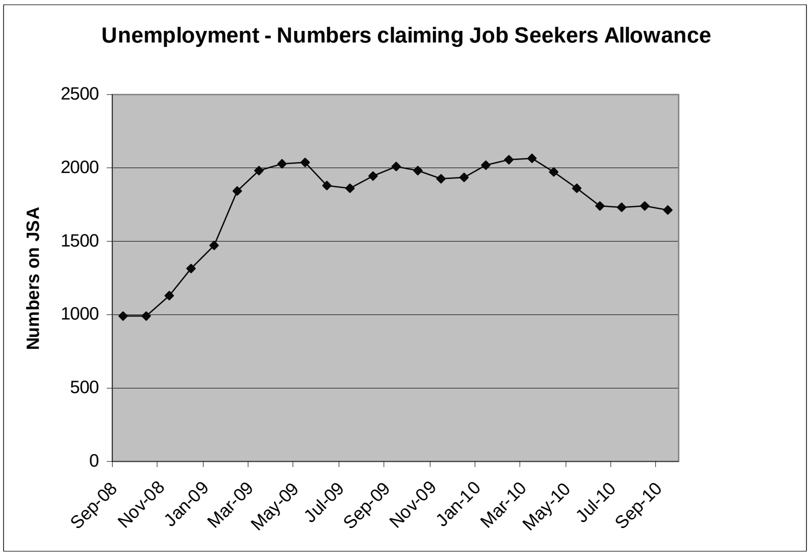
Email: nicholas.clayton@ashford.gov.uk – Tel 01233 330208

Appendix A

Ashford Borough local economic monitor- Oct 2010

- ### Numbers claiming Job-Seekers allowance (JSA)

NB Working-age population = 67,100 (2007)



JSA has fallen dramatically in the last few months, mirroring the national trend. It now stands at 2.5% of the working population, as opposed to 3.8% nationally.

- ### The Business Environment – Chamber of Commerce

The construction and manufacturing industries are still the key areas being affected.

Town Centre Vacancy Rates

Survey Date	**Oct 2009**	**Feb 2010**	**May 2010**	**August 2010**
Number of Units Vacant	35	43	41	43
% of units vacant	**11%**	**13%**	**13%**	**13%**

Town Centre vacancy rates are calculated from a sample size of 319 properties.

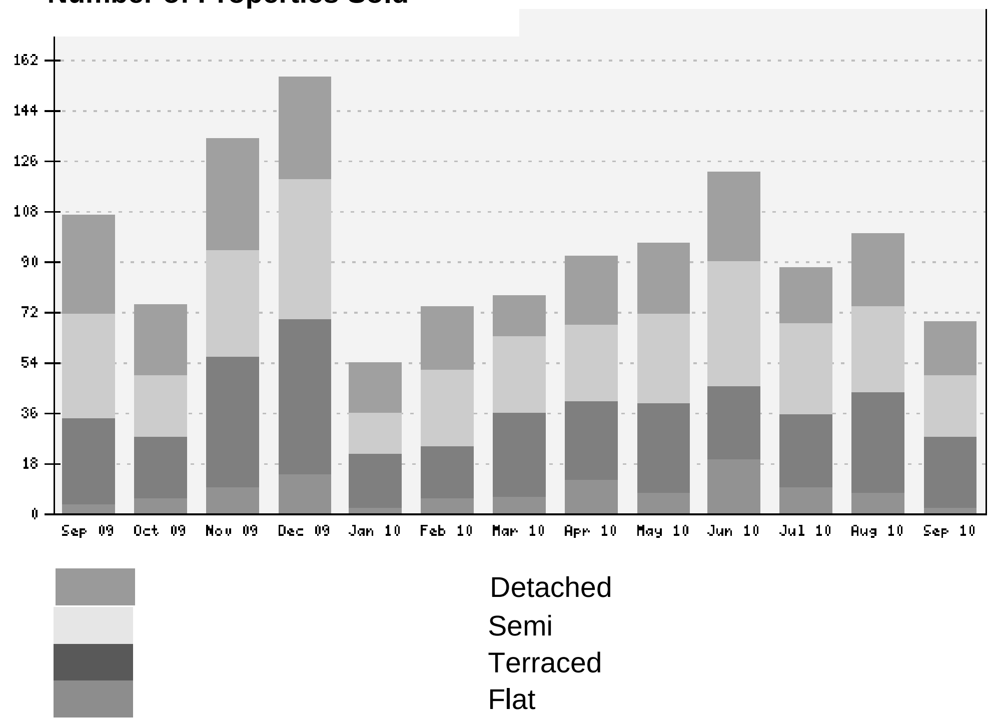
- **Housing Startup and Completion rates (source = Building Control)**

Housing Startup and Completion rates remained steady during 2010. –

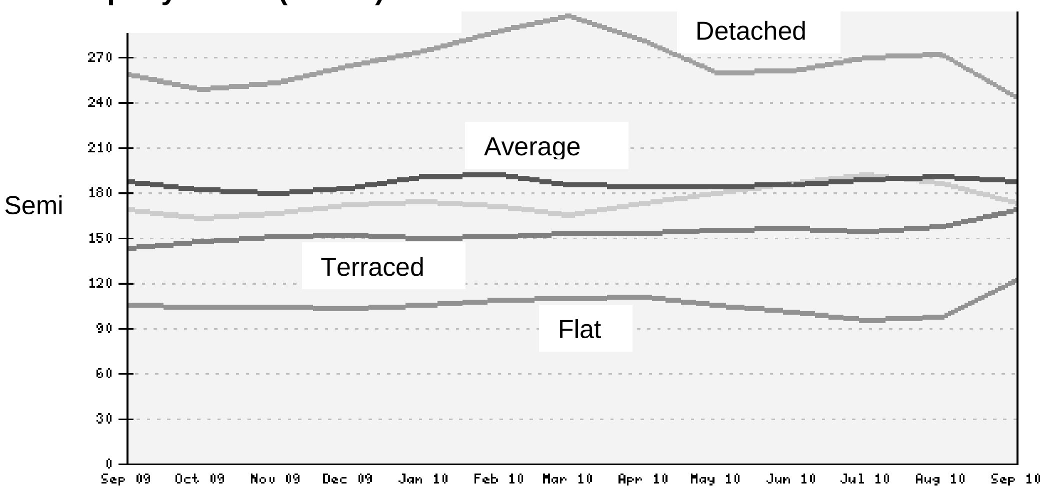
Month	Startups	Completions
July-10	41	23
Aug-10	42	22
Sept-10	47	75
Oct-10	25	50

- **The Housing Market September 2009 – September 2010**

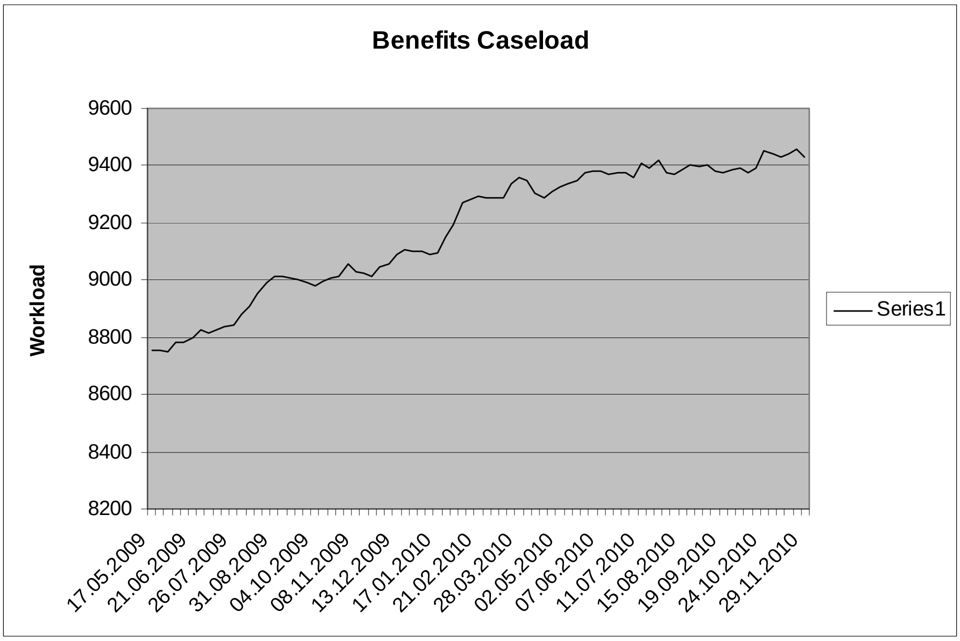
Number of Properties Sold

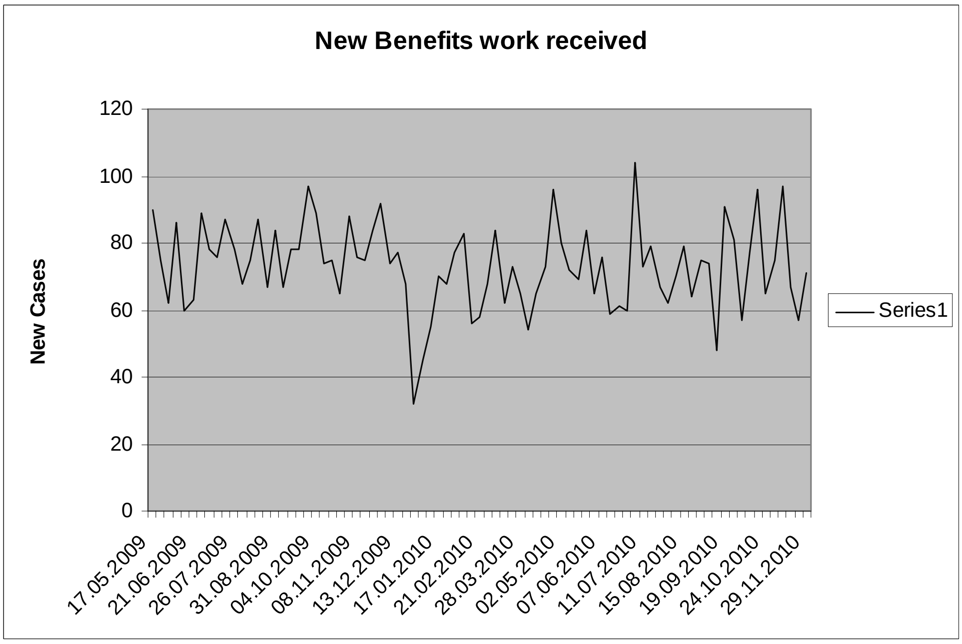


Property Prices (£'000s)



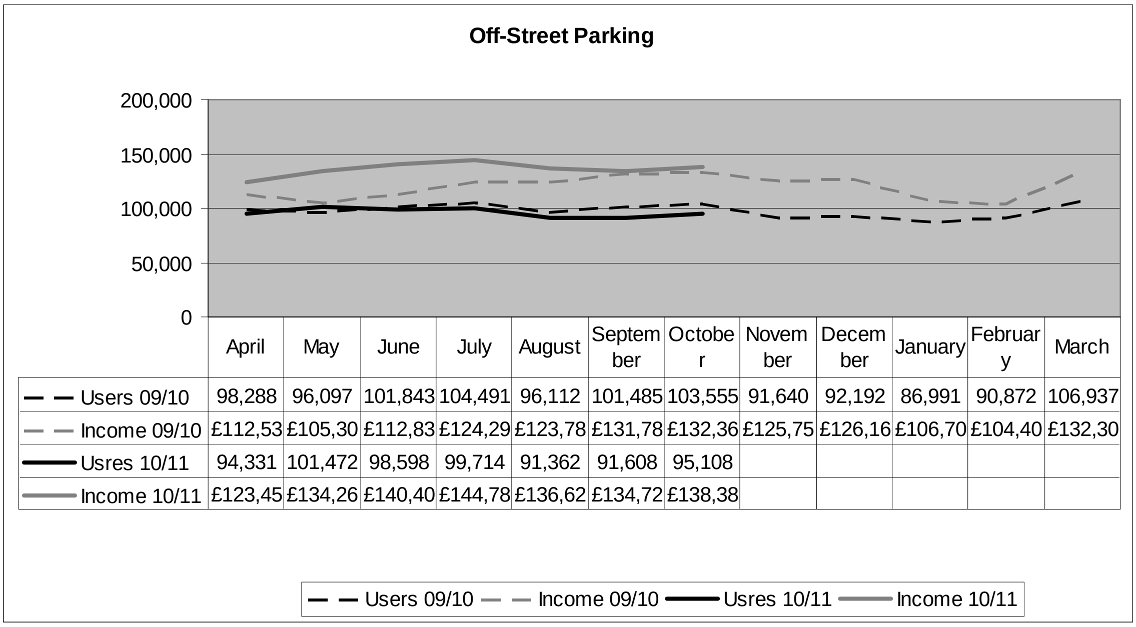
- **Benefits Pressure levels- Changes in Benefits Caseload**



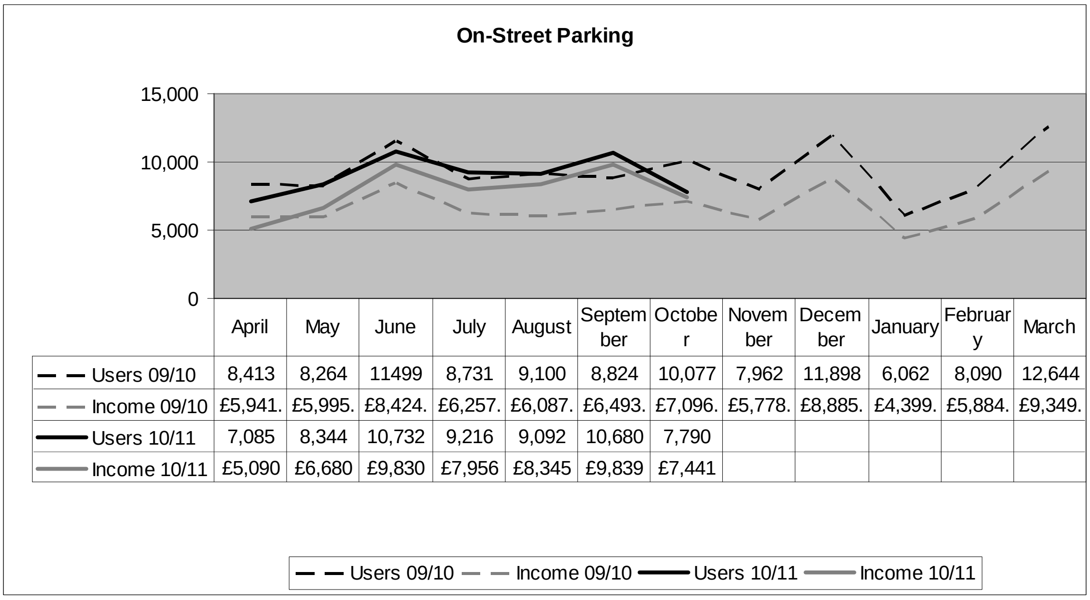


The steady increase in the benefits caseload is predominantly down to the increase in unemployed and financially insecure members of the Ashford working population, and the Revs and Bens team has brought in extra resource with which to deal with the rising caseload.

- **Car Park Usage**



	April	May	June	July	August	September	October	November	December	January	February	March
Users 09/10	98,288	96,097	101,843	104,491	96,112	101,485	103,555	91,640	92,192	86,991	90,872	106,937
Income 09/10	£112,53	£105,30	£112,83	£124,29	£123,78	£131,78	£132,36	£125,75	£126,16	£106,70	£104,40	£132,30
Usres 10/11	94,331	101,472	98,598	99,714	91,362	91,608	95,108					
Income 10/11	£123,45	£134,26	£140,40	£144,78	£136,62	£134,72	£138,38					



	April	May	June	July	August	September	October	November	December	January	February	March
Users 09/10	8,413	8,264	11499	8,731	9,100	8,824	10,077	7,962	11,898	6,062	8,090	12,644
Income 09/10	£5,941.	£5,995.	£8,424.	£6,257.	£6,087.	£6,493.	£7,096.	£5,778.	£8,885.	£4,399.	£5,884.	£9,349.
Users 10/11	7,085	8,344	10,732	9,216	9,092	10,680	7,790					
Income 10/11	£5,090	£6,680	£9,830	£7,956	£8,345	£9,839	£7,441					

High vehicle numbers In June and September 2010 can be explained by strong returns in enforcement numbers on Church Road and Queen Street respectively.

- **Planning and Development**

Time period	ABC Land Charge Searches	Planning Apps - Major	Planning Apps - Minor	Planning Apps - Other
Aug 10	145	2	22	105
Sept 10	166	4	44	78
Oct 10	170	5	36	79

Agenda Item No:	7
Report To:	AUDIT COMMITTEE
Date:	01/02/2011
Report Title:	**Annual Governance Statement – progress on remedying exceptions for 2009-2010**
Report Author:	Nicholas Clayton, Policy and Performance Officer

ASHFORD
BOROUGH COUNCIL

Summary: Under the Accounts and Audit Regulations 2003 the Council is required to review, at least annually, the effectiveness of its systems of internal governance, and include a statement on governance issues with the Council's Statement of Accounts. In June 2010 the Council published its Annual Governance Statement which identified a number of exceptions with regards to the systems of internal governance and control. This report provides Members with an update on the progress that has been made so far this year in remedying the governance exceptions in the Annual Governance Statement.

Key Decision:	NO
Affected Wards:	ALL
Recommendations:	**The Audit Committee be asked to note the progress to date on resolving the governance exceptions identified in the 2009-2010 Annual Governance Statement.**
Financial Implications:	None
Risk Assessment	YES – the Council must demonstrate adequate processes for remedying the significant governance issues identified in the 2009-2010 Annual Governance Statement, otherwise it would be difficult to demonstrate compliance with the Accounts and Audit Regulations.
Background Papers:	Annual Governance Statement 2009-10
Contacts:	Nicholas.clayton@ashford.gov.uk – Tel: (01233 330208)

Agenda Item No. 7

Report Title: **Annual Governance Statement – progress on remedying exceptions for 2009-2010**

Purpose of the Report

1. The covering report to the 2009-2010 Annual Governance Statement undertook to provide the Audit Committee with quarterly updates on the progress being made to rectify the governance exceptions identified within the 2009-2010 Annual Governance Statement. This report fulfils this obligation. Those issues which have been satisfactorily resolved, i.e. through an appropriate audit or other such report being conducted, have not been included in this report. For further information on these items please see previous reports to the Audit Committee on the Annual Governance Statement.

Issue to be Decided

2. The progress made to date in tackling the significant governance issues identified in the 2009-2010 Annual Governance Statement

Background

3. In the 2009-2010 Annual Governance Statement four significant governance issues were identified to come before the Audit Committee. Those outstanding items (*one*) are noted below, with an indication of current progress given in bold.

Governance Issues	Planned Improvements
1. Partnership-working. A follow-on from a recommendation made by our external auditors about continuing to develop our arrangements for measuring the accountability and effectiveness of partnership working.	**Reviews of the Council's Ashford Future Partnership, and relevant risks, were compiled and reported to the Audit Committee in December 2010. it was noted that events with the Company have somewhat overtaken the scope set out in the Governance Statement, and Once the company had been wound down during 2011, a stock take would be undertaken and there would be a need to have a fresh look at risk management in particular at that stage.** **Although this review satisfies the requirements related to a large proportion of the Council's partnership-working, the Partnership Framework necessitates further future work regarding the full range of working relationships entered into by the Authority. This work will commence in due course and be updated to the appropriate Committee.**

Conclusion

4. Progress to rectify the previously identified control weaknesses in the Annual Governance Statement have concluded in all but one area to a satisfactory level. Further work is required to satisfy members and officers regarding the full range of Council partnerships.

Contact: Nicholas.clayton@ashford.gov.uk – Tel: (01233 330208)

Agenda Item No:	8
Report To:	**Audit Committee**
Date:	1st February 2011
Report Title:	Presentation of Financial Statements
Report Author:	Ben Lockwood and Maria Seddon

ASHFORD
BOROUGH COUNCIL

Summary:

The Council is required to adopt international financial reporting standards and this report updates members on the progress being made for the transition to the new standards.

Work is progressing in all areas and our auditors are due to review this in February. The key areas of focus are on embedded leases and lease arrangements for property.

A key area of uncertainty is component accounting in the HRA where further guidance is awaited.

A template for the statement of accounts incorporating the necessary changes has been produced.

Key Decision:	NO
Affected Wards:	None specifically
Recommendations:	**The Audit Committee be asked to:-** • **Note the report** • **Consider the how the committee wishes to review the draft statement and closing process (reference para 13).**
Financial Implications:	None – the transition will be managed within existing capacity and the changes have been developed to mitigate any potential bottom line impacts from the changes.
Risk Assessment	Yes – This report covers it implementation of a new accounting rule book – if the council fails to implement this correctly there is a risk of audit issues and reputational risk.
Equalities Impact Assessment	NO
Other Material Implications:	None
Background Papers:	Template Statement of Accounts 2010/11 Draft Closing Timetable 2010/11
Contacts:	Ben.lockwood@ashford.gov.uk – Tel: (01233) 330540 Maria.seddon@ashford.gov.uk – Tel: (01233) 330547

Report Title: Presentation of Financial Statements

Purpose of the Report

1. To update members on the progress of the production of the Statement of Accounts 2010/11 (The Statement) and the adoption of International Financial Reporting Standards (IFRS).

Issue to be Decided

2. Members are asked to note the report and consider how to review the statement and progress against the closing programme.

Background

3. The Council is required to produce an annual statement of accounts for the financial year ended the 31 March which is approved by the Audit Committee by the end of June. These are then audited by the Council's external auditor and an opinion issued by the end of September.

4. For the Financial year ending 31 March 2011 all Local Authorities have to produce an IFRS compliant statement and comply with a new accounting 'rule book.' This transition has been the subject of several reports and presentations to members and work on the transition has been underway for more that a year.

Audit Wrap Up and Closing Timetable

5. Officers met with the audit team to discuss any issues that had arisen in the closing process for 2009/10 and to incorporate any changes into the closing programme for 2010/11

6. Overall Officers and Auditors were happy with the audit process and happy with the working relationship. Changes in location of the audit team, to where the Accountancy team sit, have helped to improve the relationship between the Auditors and the Accounts Department. The only area for improvement identified was communication regarding audit progress to officers on a regular basis. Helping the Accounts department to understand what has been completed and what is due to be looked at in the week to come. Holding regular update meetings through the audit is important and needs to be maintained.

7. Audit were generally happy with working papers and the audit team, who now have several years experience of Ashford Borough Council, have become familiar with the working paper files. However as part of the transition to IFRS it is seen as an opportunity to review working paper structure and referencing. We have discussed some improvements to the process such as referencing and improving the structure which are being implemented for 2010/11. It is important that at the start of the audit there is a hand over briefing of the working papers to ensure the audit team understand the new referencing system.

8. The Audit of the 2010/11 accounts will commence in early July with Audit Commission commencing their planning work on 23rd June. They are due to Audit the Whole of Government Accounts return in August. External audit are due to review the restatement of our accounts for IFRS in early February and have already completed their controls testing programme.

9. Officers have completed a draft closing timetable that is currently being reviewed by the Accountancy team. The key deadlines are:

- service revenue accounts and Collection Fund closed by 21st April
- balance sheet codes closed by the 13th May
- a draft statement by 1st June
- final draft to be put to the audit committee in late June.

This is consistent with previous timetables and is considered achievable.

IFRS Compliant Statement

10. The transition to IFRS has resulted in a fundamental revision of the Statements themselves. It is anticipated that the statement will be longer and have more notes. The statement will also be longer due to the new accounting requirement to include 2 years of comparative date when restating prior years which we are required to do for IFRS.

11. Last year the Accountancy Team reviewed all notes in the statement and removed all notes that were not necessary or were not of a material value. A similar process will be followed for the new statement with non material notes being removed to keep the length of the statement to a manageable level..

12. CIPFA has now released its guidance notes on the new IFRS code and has released an example statement of accounts to illustrate how the statement will change. Officers have now developed a template for the statement which will be completed for the statement of accounts. Originally it was proposed that this be appended to this report, however due to the length of the statement (120 pages) and the fact that it does not contain any figures, it was decided not to attach the template.

13. The Template is available to members if they choose to request it. At a recent discussion on the future of the committee it was suggested that for technical issues a lead member be assigned to work with officers on issues relating to their specialty. The Financial Statement may be an appropriate area for this approach to be tested and the Committee is asked to consider whether this approach be adopted for reviewing the statement or whether it wishes to review the template in another way.

Accounting Policies

14. The transition to IFRS has required a fundamental review of the Councils accounting policies. The proposed draft policies are attached in appendix A, these have been used as the basis of restatement and will be followed for the closure of the 2010/11 accounts.

Leases

15. Officers have completed their review of leases in accordance with the new code. The review has highlighted 2 material property leases that need to be treated as finance leases. All other property leases are either at peppercorn rents or for suitably short periods that they need to be treated as operating leases.

16. The two finance leases are:

- Victoria Park Bowls Centre – the rent charged by the Council was set to recover the construction costs and is for the whole life of the building. The calculations for this lease are completed.

- Edinburgh Rd car park – the council leases the top floor of the multi-storey car park on a 75 year lease. Officers have has some difficulty identifying the original cost for this building upon which to base the lease calculation. Work is continuing on this however due to the age of the building a reasonable estimate has been calculated, this will need to be discussed which the external audit team.

Embedded Leases

17. Embedded leases are assets within a service contract that are purely used for the delivery of that contract. Therefore there is an implicit lease for the equipment used in the contract. An example of this is the refuse contract where the contractor has purchased refuse tenders to work on the refuse contract. The Council needs to breakdown the lease payments for these contracts into service and asset costs.

18. Good progress has been made on this with the Refuse and Street Cleansing contracts. Information on the number and type of vehicles used on the contract has been used and whilst we have not been successful in getting information on the cost of vehicles from the contractor we have been able to get this information on similar vehicles from authorities that run these services. This has enabled an estimation of the embedded lease in the contracts to be made.

19. It does not appear that there is an embedded lease for Landscape services contact due to the life of the equipment used, and the way the equipment can be transferred between contracts. These findings will be discussed with the Audit team to ensure they are happy with the Council's findings.

Fixed Assets

20. The Council undertook a full IFRS compliant revaluation of its fixed assets as at 1st April 2009 and therefore much of the work on this area has been completed.

21. A small number of assets have been reclassified as there have been a few changes in definitions for Assets for Sale and Investment Assets. These changes will be discussed with the Audit team.

22. One area where there is work outstanding is over the issue of HRA component accounting. We are still awaiting guidance from CIPFA and the CLG on how component accounting will be introduced for the housing stock.

Other Issues

23. The Calculation for Annual Leave accrual has been completed for the previous 2 years and the calculation will be completed as at 31 March 2011. The initial calculations have estimated that the value of Annual Leave accrued is £137,000.

24. Deferred grants have been assessed and all grants that have been applied have been written out of the balance sheet. There will be no amortisation of grants through the Income and Expenditure account for 2010/11 as there has been in previous years.

25. In previous years call account balances (instant access saving accounts) and fixed term investments have been included as short term deposits. Due to the transition to IFRS all call account balances will be classified as 'cash and cash equivalents' and as per our accounting policies, any investments due to expire within 3 months of the balance sheet date will also be classed as 'cash and cash equivalents'.

Risk Assessment

26. The required technical changes to the format of the 2010/11 Statement of Accounts increase the potential for errors, but this has been mitigated through training of relevant staff and discussions with the external auditors.

Consultation

27. External audit are due to commence a review of the restated accounts for 2008/09 and 2009/10 in early February. This review will include assessment of the Council's assumptions. Due to a the number of reviews the Audit Commission will be doing we are not expecting feedback until the end of March.

Handling

28. Members are asked to note the changes to the final accounts process.

29. The relevant staff need to familiarise themselves with the new code and associated guidance notes and the changes from previous years.

Conclusion

30. The transition to IFRS represents a significant workload for the Council and it is important that the Council complies with the new rules. Good progress has been made in this project however a continued focus is needed to ensure successful completion of this project.

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Appendix A – Proposed Accounting Policies
Statement of Accounting Policies
General Principles

The Statement of Accounts is prepared on an income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: Based on International Financial Reporting Standards. The Code is based on approved accounting standards, comprising International Accounting Standards (IAS), International Financial Reporting Standards (IFRS's) approved by the International Accounting Standards Board, International Public Sector Accounting Standards (IPSAS) and the Urgent Issues Task Force's (UITF) Abstracts.

1. **Accounting Concepts and Conventions**

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of assets.

2. **Accruals of Income and Expenditure**

With the exception of the Cash Flow Statement, the Statement of Accounts is presented on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Statement of Accounts for the year in which those effects are experienced, and not in the year in which the cash is actually received or paid. In particular: fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services; interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet; where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. **Estimation Techniques**

Estimation techniques are the methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Details of where these are used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation is also provided of the change and its effect on the results for the current period.

Costs of Internal Support Services

All costs of management and administration are fully allocated to services. The basis of allocation used for the main costs of management and administration is outlined below.

	of Allocation
Accounting, Legal and other services	Actual time spent by staff, as recorded on

	time recording systems
Administrative Buildings	Area occupied
IT support of corporate financial systems	Actual direct costs (hardware costs etc.) plus cost of estimated staff resources
Network / PC support	Per capita
Executive Support, Call Centre, Customer Contact Centre and Printing	Actual use, as recorded by monitoring systems
Internal Audit	Per audit plan
Payroll and Personnel Costs	Per capita
Debtors and Creditors	Per transaction

Any non-material balances on management or administrative holding accounts at the year-end remain on those accounts, and as such are incorporated into the General Fund balances.

4. **Council Tax and National Non-Domestic Rates**

The Council is a billing authority and as much is required to bill local residents and businesses for Council Tax and National Non-Domestic (Business) Rates. The Council acts as an agent on behalf of the major precepting authorities, Kent County Council, Kent Police Authority and Kent Fire Authority, for Council Tax and the Government for National Non-Domestic (Business) Rates.

As such the accounts only show the amount owed by and to taxpayers in respect of our Council Tax. Major precepting authorities will be shown as net debtors or creditors on the balance sheet. Similarly the accounts only show the net debtor of creditor in respect of National Non-Domestic (Business) Rates received and paid over to the Government

The amount shown in the Comprehensive Income and Expenditure Account as the demand on the collection fund includes the accrued amount of council tax collected as well as amounts from previous year's estimates. This adjustment is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account.

5. **Capital Charges to Revenue**

General Fund Service Revenue Accounts, Support Services and Trading Accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation.

The charges made to the Housing Revenue Account are the amounts as determined by statutory provision.

The premature repayment of the long term loans that result in either a premium or a discount are to be amortised to the Revenue Account either in accordance with the Housing Subsidy determinations or by reference to the Treasury Management Code of Practice.

External interest payable and amounts set aside from revenue for the repayment of external loans are charged to the Income and Expenditure Account. The reversal of capital charges is credited to the Statement of

Movement of General Fund balance. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

6. **Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a Fixed Asset. The purpose of this is to enable it to be funded from Capital Resources rather than being charged to the General Fund and impact upon the Council Tax. These items are generally grants and expenditure on property not owned by the Authority.

Such expenditure is charged to the Comprehensive Income and Expenditure Account in year. A Statutory Provision allows that capital resources that meet the expenditure be debited to the Capital Adjustment account, credited to the General Fund Balance and shown as in Movement in Reserves Statement.

7. **Government Grants and Contributions**

Revenue grants received are accrued and credited to the Comprehensive Income and Expenditure Account in the same period as the related expenditure is incurred.

Grants specific to a particular service will be shown against the service expenditure line. General grant in the form of Revenue Support Grant and the contribution from the National Non-Domestic Rate Pool are credited and disclosed separately in the Comprehensive Income and Expenditure Account under General Government Grants.

Capital grants and capital contributions (such as Section 106 Developer Contributions) received will be credited to the Comprehensive Income and Expenditure Account in the year that the capital expenditure is incurred. This income will subsequently be transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

8. **VAT**

VAT is accounted for separately and is not included in the Income and Expenditure Account, whether of a capital or revenue nature. Input VAT which is not recoverable from HM Revenue and Customs will be charged to Service Revenue Accounts or added to capital expenditure as appropriate. The Council’s partial exemption status is reviewed on an annual basis.

9. Assets Held for Sale (Non-Current Assets)

These are assets that have been declared surplus to the Council’s operational requirements and are being actively marketed and have an estimated sale date within twelve months of the balance sheet date. They will be reported on the balance sheet date at the lower of the carrying amount or the fair value (market value) of the asset less the costs to sell the asset. Assets available for sale are not subject to depreciation.

10. **Intangible Fixed Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year.

An intangible asset shall initially be measured at cost and is not subject to revaluation. It is, however, subject to amortisation over their useful economic life. The accounting policies practiced will be the same for all fixed assets as stated below.

11. Investment Properties

Investment property is property (land and / or buildings) held solely to earn rental income or for capital appreciation or both.

Investment property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period, losses or gains shall be recognised in the Comprehensive Income and Expenditure statement.

Depreciation will not be charged against investment property.

12. **Fixed Assets**

12.1. **Recognition**

All expenditure on the acquisition, creation or enhancement of a fixed asset is capitalised on an accruals basis.

12.2. **Property Plant and Equipment**

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are; held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

The category is split into five sub categories.
Land and Buildings.
Vehicles, Plant and Equipment.
Community Assets.
Infrastructure Assets.
Assets under Construction.

The Accounting policy for each type of asset is detailed below.

Council dwellings

These are held on the balance sheet on a market value basis but discounted to allow for the Existing Use Value – Social Housing (EUV-SH) valuations.

An annual valuation is carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute as at 1st April. Material changes will be reflected in the Accounts if they arise after the valuation.

Land and Buildings

These are held on the balance sheet at cost allowing for revaluation every five years. The last revaluation was as at 1st April 2009.

The valuations are carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute of Chartered Surveyors (RICS) on a market value for existing use, unless it is felt the property is of a specialist nature where depreciated replacement cost may be used. The method used on the current year's valuation will be explained in the notes to the accounts. Items of plant that are functional to the operation of a building are included in the valuation for that building.

All buildings are subject to straight line depreciation over there estimated useful lives which depends on the asset type. In accordance with recognised accounting practice land is not depreciated.

IFRS requires the consideration of componentisation for material items of property, plant and equipment, where they are of a material financial nature or have significantly differing life expectancies. The Council has set a minimum asset value of £1,000,000 and a component size of at least 10% of the value.

Vehicles, Plant and Equipment

Major items of plant are included within the valuation of buildings above. Other items of plant are recognised in the balance sheet at cost and are subject to straight line depreciation over the expected life of the asset.

Community Assets

These are defined as Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and allotments. These assets are held on the balance sheet at historic cost and are not subject to revaluation or depreciation.

Assets under Construction

This covers assets currently not yet ready for operational purposes. The Council does not depreciate or revalue assets under construction.

12.3. **Depreciation**

on assets with a finite useful life in line with Financial Reporting Standard (FRS 15) on a straight line basis according to the following policy:

- All assets with a finite useful life are depreciated on a straight line basis over the asset life. The life of buildings is reviewed as part of the asset revaluation. The life of vehicles, plant and equipment is generally taken to be five years, unless evidence exists to support a longer or shorter life.

- Newly acquired assets are depreciated in year one; assets in the course of construction are not depreciated until they are brought into use.

For Council Dwellings the Major Repairs Allowance is used as a proxy for depreciation. Council Dwellings are revalued annually. Other HRA land and property are valued as above.

12.4. **Impairment of Fixed Assets**

A review for impairment of a fixed asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in a fixed asset's market value during the period;
- evidence of obsolescence or physical damage to the fixed asset;
- a significant adverse change in the statutory or other regulatory environment in which the authority operates;
- a commitment by the authority to undertake a significant reorganisation.

In the event that impairment is identified the value will either be written off to the revaluation reserve, where sufficient reserve levels for that asset exist or written off to revenue through the Comprehensive Income and Expenditure Account. Any impairment at the balance sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer making the impairment.

13. **Gains or Losses on Disposal of Fixed Assets**

When an asset is disposed of or de-commissioned, the value of the asset and the income from the sale are both charged to the Comprehensive Income and Expenditure Account which, therefore, bears a net gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The receipt is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve via the Movement in Reserves Statement.

The loss on disposal is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement on Reserves Statement.

14. **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

A definition of a lease includes hire purchase arrangements.

Finance Leases

As lessee, the Council shall recognise finance leases as assets and liabilities at amounts equal to the fair value of the property or, if lower, the present value of the minimum lease payments.

Minimum lease payments shall be apportioned between the finance charge (interest) and the reduction of the outstanding liability. The finance charge shall be calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The authority will recognise asset under finance lease in the balance sheet at an amount equal to the net investment of the lease.

Assets recognised under a finance lease shall be depreciated. The depreciation policy for leased assets shall be consistent with the policy for owned assets. Where it is not certain that ownership of the asset will transfer at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful economic life. After initial recognition, assets recognised under a finance lease are subject to revaluation in the same way as any other asset.

As lessor, the Council shall derecognise the asset

Operating Leases

Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by an authority.

Embedded Leases

These are assets that although not owned by the Council are used primarily by the authority for service provision. An example of this would be vehicles used by the Council's Street Cleansing and Refuse and Recycling Collection contractor. In this case an estimated value for the vehicles has been used along with a leased term in line with the contract period. Assets will be recognised in the balance sheet at the Net Book Value and offset by a Deferred Liability. The lease charge will then form part of the contract payment on behalf of these vehicles on a straight line basis over the life of the asset.

15. Current Assets and Liabilities

15.1. Debtors and Creditors

The Revenue and Capital accounts of the Council are maintained on an accruals basis in accordance with the Code and other relevant IAS's.. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year.

15.2. Stocks

Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and ISA 2, which requires stocks to be shown at actual cost or net realisable value if lower. The effect of the different treatment is immaterial given the low stock levels held.

15.3. Investments

See the accounting Policy on Financial Instruments

15.4. Bad Debts

The figure shown in the Statement of Accounts for debtors is adjusted for bad debts. This provision is recalculated annually by applying a percentage factor to the debt in each age category that is unlikely to be collectable. Known un-collectable debts are written off.

16. **Contingent Assets and Contingent Liabilities**

Contingent assets are not recognised in the Statement of Accounts. They are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures should indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities are not recognised in the accounting statements; they are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability the Authority should disclose the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

17. **Provisions**

The Council sets aside provisions for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the provision must be the best estimate of the likely liability or loss.

18. **RESERVES**

The Council maintains both general and earmarked reserves. General reserves are to meet general, rather than specific, future expenditure and earmarked reserves, such as the building repairs reserve, are for specific purposes. No expenditure is charged directly to a reserve but is charged to the service revenue account within the Comprehensive Income and Expenditure Account, this is then offset by a reserve appropriation within the Movement in Reserves Statement.

Capital Reserves are not available for revenue purposes and certain Capital Reserves (e.g. Usable Capital Receipts) can only be used for certain statutory purposes.

The Major Repairs Reserve is required by statutory provision to be set up in relation to the Housing Revenue Account.

19. **Pension Costs**

The amount charged to the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses for employees pensions should be in accordance with FRS17 Retirement Benefits, subject to the interpretations set out in the SORP.

Employees are members of the Local Government Pension Scheme administered by Kent County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees of the Council. This is accounted for in the following ways:

- Liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% based on the indicative rate of return.

- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:

    - Quoted securities – current bid price
    - Unquoted securities – professional estimate
    - Unitised securities – current bid price
    - Property – market value

- The change in net pensions liability is analysed into seven components:

    - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of which the employees worked.

    - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the Income and Expenditure Account as part of the Non Distributable costs.

    - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. Debited to the Income and Expenditure Account under net operating expenditure.

    - Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on the average expected long term return – credited to the Income and Expenditure Account under net operating expenditure.

    - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or actions that reduce the expected future service or actuarial benefits of employees - debited to the net cost of services in the Income and Expenditure Account as part of the Non Distributable costs.

    - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the assumptions have been updated. Debited to the Statement of Total Recognised Gains and Losses.

A prerequisite of the introduction of FRS17 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the Authority's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. Actuarial gains/losses are shown as movements on the pensions asset/liability account and pensions reserve. There is no impact on the Income and Expenditure Account. The Balance Sheet is to show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Council Pension Fund for funding purposes was at 31 March 2007 and changes to contribution rates as a result of that valuation will take effect from 1 April 2008.

For further details see Note XX

20. **Employee Benefits**

Three categories of employee benefits exist, under IAS 19 and IPSAS 25 Employee Benefits as detailed below.

Benefits payable during employment

This covers:

a) Short-term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees.
b) Benefits earned by current employees but payable twelve months or more after the end of the reporting period such as, long-service leave or jubilee payments and long-term disability benefits.
   Where considered of a material nature these are accrued in accordance with Accounting Policy 2 above.

Termination benefits

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. These are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee the costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred.

Post-employment benefits

This not only covers pensions but also other benefits payable post-employment such as life insurance and medical care which are not offered to staff at this Council.

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Local Government Pension Scheme is administered locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Under IAS 19 requires that the employer recognises as an asset or liability the surplus/deficit in a pension scheme. The surplus / deficit in a pension scheme is the excess/shortfall of the value of assets when compared to the present value of the scheme liabilities. A prerequisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the authority's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. Actuarial gains/losses are shown as movements on the pensions asset/liability account and pensions reserve. There is no impact on the Comprehensive Income and Expenditure Account. The balance sheet is to show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Council Pension Fund for funding purposes was at 31 March 2010 and changes to contribution rates as a result of that valuation will take effect from 1 April 2011.

21. **Financial Instruments**

The SORP has significant disclosure requirements relating to Financial Instruments (e.g. loans and investments). They relate to the identification of the various types of Financial Instruments, gains and losses arising from transactions during the year, comparative valuation statements, and the assessment of risks associated with holding Financial Instruments.

Detailed disclosure of the Council's holding of Financial Instruments is included in Note XX on page XX and relevant gains and losses in Notes XX on page XX.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and,

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event and payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council. Assets are maintained in the Balance Sheet at fair value.

Values are based on the following principles:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis; and,
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-For-Sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event and payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Credit Risk

The SORP requires Authorities to estimate the "Fair Value" of their Financial Instruments and compare them with the carrying amounts which appear on the Balance Sheet. The Fair Value estimate will include the future discounted cash flows associated with the Council's Financial Instruments as at 31 March 2010. The discount rate should reflect prevailing interest rates as at 31 March 2010. Full details of this disclosure are included in Note XX to the Core Financial Statements on page XX.

The SORP identifies the following three types of risk associated with Financial Instruments:

(a) Credit risk relates to the possibility of counterparties defaulting on their financial obligations.

(b) Liquidity risk relates to the possibility of funds being unavailable to meet financial commitments.

(c) Market risk relates to possible exposure to adverse interest rate movements, or changes in other market conditions e.g. foreign exchange rates.

The SORP requires Authorities to produce a sensitivity analysis, detailing the impact of a 1% interest rate change. A full assessment of these risks, including the sensitivity analysis, is included in Note XX to the Core Financial Statements.

The SORP's disclosure requirements in relation to credit risk are equally applicable to outstanding debtors. Note XX includes an age analysis of overdue debtors at the balance sheet date. In addition to this a provision for bad debts is also included in the Statement of Accounts (Statement of Accounting Policies 12.4).

22. Cash and Cash Equivalents

Cash and Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are shown on the balance sheet at their nominal value, these include investments with a maturity of three months or less from the balance sheet date.

23. **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available fixed assets, needed to provide the services, passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as the ownership of the fixed assets will pass to the Council at the end of the contact at no charge, the Council carries the fixed assets used under the contract on the balance sheet.

The original recognition of these fixed assets was balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets.

The stock is recognised at market value less the EUV-SH factor and additions are measured at cost as per the contractor model. Lifecycle costs are accounted for when they occur.

Fixed assets recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

The amounts payable to the PFI operators will be analysed into the following elements:

- Fair value of the services received during the year.
- Finance charge – an interest charge on the balance sheet liability.
- Payment towards the liability.

24. **Group Accounts**

Local Authorities are required to consider all their interests in subsidiaries, associated companies and joint ventures and to prepare a full set of group financial statements where they have material interests, thereby providing a complete picture of the Authority's control over other entities.

This Council has undertaken an exercise examining all its partnership arrangements and workings with other undertakings, and has determined that it has no interests in subsidiaries, associated companies or joint ventures.

25. **Exceptional Items and Prior Year Adjustments**

Exceptional items are included in the cost of the service to which they relate, or on the face of the Comprehensive Income and Expenditure Account if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item should be given within the notes to the accounts.

Events after the Balance Sheet Date

Where an event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts in the Statement of Accounts and any affected disclosures should be adjusted.

Where an event occurs after the Balance Sheet date and is indicative of conditions that arose after the Balance Sheet date the amounts recognised in the Statement of Accounts should not be adjusted but a disclosure made including:

- The nature of the event

- An estimate of the financial effect

Agenda Item No. 9

Audit Committee - Future Meetings

Date 21/04/2011		**PH Cllr Wood**	
Publish 13/04/11		**Pre Comm – if requested by Ch/VCh**	
Reports to Management Team by 7th April		**Council 28/04/11**	
	Additional Meeting Arranged to "Close" Committee's 4 Year Cycle		
1	Minimal/Limited Audits	BP	
2	Potential Appointment of Co-opted Independent Member	BP/IC?	
3	Dealing With Partnerships	BP?	
4	Risk Management – Future Proposals	BP	
5	Report Tracker for Future Meetings	DS	

Date 07/06/2011		**PH Cllr Wood**	
Publish by 27/05/10		**Pre Comm – if requested by Ch/VCh**	
Reports to Management Team by 26th May		**Council 21/07/10**	
1	Minimal/Limited Audits	BP	
2	Internal Audit Annual Report 2010/11 (including update on first year of the Partnership)	BP	
3	Annual Review of the Effectiveness of the Systems of Internal Audit	BP	
4	Approval of Annual Governance Statement	NC	
5	Report Tracker for Future Meetings	DS	

Date 21/06/2011		**PH Cllr Wood**	
Publish by 13/06/11		**Pre Comm – if requested by Ch/VCh**	
Reports to Management Team by 9th June		**Council 21/07/10**	
1	Minimal/Limited Audits	BP	
2	Statement of Accounts 2010/11	PN/BL	
3	Benefit Fraud Annual Report 2010/11	Jo Fox	
4	Internal Audit Operational Plan 2011/12	BP	
5	Corporate Performance Report	NC	
6	Report Tracker for Future Meetings	DS	

Date 6/09/2011		**PH Cllr Wood**	
Publish by 27/08/11		**Pre Comm – if requested by Ch/VCh**	
Reports to Management Team by 26th August		**Council 19/10/11**	
1	Minimal/Limited Audits	BP	
2	2010/11 Accounts and the External Auditor's Annual Governance Report	AComm (cover by PN)	
3	Annual Governance Statement – Progress on Remedying Exceptions	NC	
4	Corporate Performance Report	NC	
5	Report Tracker for Future Meetings	DS	

Date 6/12/2011		**PH Cllr Wood**	
Publish by 28/11/11		**Pre Comm – if requested by Ch/VCh**	
Reports to Management Team by 24th November		**Council 15/12/11**	
1	Minimal/Limited Audits	BP	
2	Annual Governance Statement – Progress on Remedying Exceptions	NC	
3	Corporate Performance Report	NC	
4	Annual Audit Letter 2010/11	PN	
5	Report Tracker & Future Meetings	DS	

Date 07/02/2012		**PH Cllr Wood**	
Publish by 30/01/12		**Pre Comm – if requested by Ch/VCh**	
Reports to Management Team by 26th January		**Council 16/02/12**	
1	Minimal/Limited Audits	BP	
2	Annual Governance Statement – Progress on Remedying Exceptions	NC	
3	Corporate Performance Report	NC	
4	Report Tracker for Future Meetings	DS	

24/1/2011