

REPORT OF FINAL ACCOUNTS COMMITTEE

(Meeting held 29 July 2005)

1. AMENDMENTS TO TERMS OF REFERENCE (REPORT A) (MINUTE NOS. 4 AND 6)

The Terms of Reference for this Committee are:

“To approve the Authority’s statement of accounts, income and expenditure and balance sheet or record of receipts and payments (as the case may be) under the Account and Audit regulations 2003”.

The Committee has considered and recommends two additions to its Terms of Reference. The first, requested by officers, is to enable the Committee to receive and respond to reports from the District Auditor on matters relating to the audit of the Council’s final accounts.

Under the Statement of Auditing Standards (SAS), the external auditor is responsible for planning and conducting their audit to provide reasonable assurance that the financial statements are free from material misstatements. Where these are discovered, the Council will receive a report and needs to respond with the action taken to remedy the misstatement. Where Members decline to make any adjustments, a written response as to the reason will be required by the District Auditor.

Under the SAS 610, the external auditor was able to report to officers any misstatements where these were not material. However, a recent revision to the SAS now requires all misstatements, whether material or not, to be reported to members and for adjustments to be made to the statement of accounts. If no adjustment is made, a reason must be given.

The Committee considers that, given its existing terms of reference, it is appropriate for the Committee to receive and agree a suitable response to all such matters raised by the District Auditor.

The second suggested amendment to the Committee’s terms of reference arises from a discussion paper produced by the Committee Chairman on the future role and operation of the Committee.

Members of the Final Accounts Committee needed to keep abreast of the Council’s finances in order to fulfil their primary duty agreed that they examine and approve the accounts of the Council each year. There was also a need generally to develop members’ knowledge and understanding of the Council’s finances.

The Committee has therefore agreed that it should meet more regularly (twice more per year), around October and February, to consider the Council’s financial progress, including major variances from the budget. Relevant findings of the Committee would, as appropriate, be brought to the attention of the Council, Cabinet / relevant Portfolio Holder or Corporate Overview Panel.

After discussing the issue, members concluded that the expansion of the Committee's role should not affect any work undertaken by the Corporate Overview Panel in relation to scrutiny of the Council's finances, yet would keep members more fully informed and better prepared to approve the Council's accounts at the end of each year.

RECOMMENDED:

That the Final Accounts Committee's Terms of Reference be amended to include the following:

- (i) To receive reports from the District Auditor relating to misstatements in the Statement of Accounts and to take appropriate action in response to such reports.***
- (ii) To review, during the year, the Council's financial progress, including variances from budget, and bring to the attention of the Council, Cabinet or Portfolio Holder or Corporate Overview Panel as appropriate any relevant findings.***

Cllr C A Wise
CHAIRMAN