



TITLE:	Statement of Accounts 2004/05
TO/ON:	Full Council
BY:	Finance Manager
LEAD MEMBER :	Cllr Michael Ormerod
STATUS:	For Publication

1. PURPOSE OF THE REPORT

- 1.1 To receive the auditor's report from the Audit Commission together with an amended Financial Statement in respect of the financial year 2004/2005. The deadline for the publication of the Financial Statements this year is the 30th October 2005

2. RECOMMENDATIONS

- 2.1 That the Members acknowledge receipt of the Compliance with Statement of Auditing Standards (SAS) 610 letter and the accompanying letter from the Audit Commission.
- 2.2 That the amended Statement of Accounts be approved by Members.

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

- 3.1 The draft and unaudited Statement of Accounts was approved by the Audit Committee in July 2005.
- 3.2 The statements have now been audited by the Audit Commission, resulting in no outstanding material changes to the accounts, an unqualified audit report and a no material issues Statement of Auditing Standards (SAS) 610 letter which is attached to this report.
- 3.3 The main changes which have been made to the draft Statement of Accounts approved in July 2005 have been as follows:-
- **Explanatory Foreword** – extra notes regarding the Statement of Total Movement in Reserves and the FRS17 impact relating to pensions.
 - **Statement on Internal Control** – added a table to analyse the main issues and planned action, relating this to the developments set out in the Corporate Improvement Plan and other strategies. The addition of this table has effectively added two pages to the book so that the Consolidated Revenue Account now begins on page 40.

- **Consolidated Revenue Account** – grant income in relation to deferred charges had been included wrongly in the “Net Cost of Operating Services”. This has been corrected and is now included below the line in the “Transfers to/(from) Capital Financing Account”.
- **Consolidated Revenue Account** – 2003/04 comparator figures have been added where they were missing and the arrangements with Rossendale Leisure Trust have been included as a long-term contract. We have also elaborated on the timings and effects of the pension scheme revaluation at Note 9 and added the Lancashire Fire Brigade as a related party at Note 13. An adjustment has also been made to the split in years of the audit costs at Note 12 to correct the treatment of audit costs for March 2004.
- **Consolidated Balance Sheet** – a mistreatment of £979k of government grant in relation to Futures Park has been amended, effectively increasing the “Fixed Assets” and the “Fixed Asset Restatement Account” equally. This amendment has also been reflected in the notes to the Balance Sheet, the Statement of Total Movement in Reserves, the Group Balance Sheet and the Group Statement of Total Movement in Reserves.
- **Group Accounts** – the presentation has been amended to copy the layout of the main Revenue Account, Balance Sheet and Statement of Total Movement in Reserves rather than the previous brief statements.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

4.1.1 See main report

4.1.2 See also 5.2

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

4.2.1 No material issues

4.3 HUMAN RESOURCES

4.3.1 No material issues

4.4 ANY OTHER RELEVANT CORPORATE PRIORITIES

4.4.1 There are no other corporate issues.

5. RISK

5.1 Other than the deadlines for Member approval there are no material risks.

5.2 The Council remains on track for replenishing its revenue reserves to a target of £500,000 by March 2006.

5.3 The timetable for presentation and approval comes forward one calendar month in 2006.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

- 6.1 The statement of accounts has to have final Member approval by 30th October 2005.

7. EQUALITIES ISSUES ARISING FROM THE REPORT

- 7.1 There are no material equalities issues.

8. WARDS AFFECTED

- 8.1 All wards equally affected.

9. CONSULTATIONS

- 9.1 Public – complying with statutory regulations the availability of the draft accounts has been advertised in the local press and accounts have been on deposit in the Town Hall and on the Council's website for members of the public to review and ask questions of the auditors.
- 9.2 External Auditors
- 9.3 Members

Background documents:

Year end working papers

For further information on the details of this report, please contact:

Janice Crawford, Finance Manager (ext 4601) janicecrawford@rossendalebc.gov.uk

Our reference RO005/1/MT

11th October 2005

Full Council
Rossendale Borough Council

Direct line 01204 877300
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Email m-thomas@audit-
commission.gov.uk

Dear Members

Rossendale Borough Council
Audit of 2004/2005 Financial Statements - Compliance with Statement of Auditing
Standard (SAS) 610

Statement of Auditing Standard (SAS) 610 requires the external auditor to consider matters arising from the annual audit of your financial statements and whether they should be included in a report to members in their capacity as 'those charged with governance'.

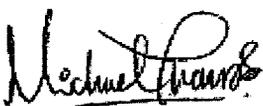
The potential areas for the auditor to report on are:

- any expected modifications to the auditor's report on your statements
 - non-trifling mis-statements that have not been adjusted by officers following the audit
 - material weaknesses in accounting and internal control systems
 - qualitative aspects of accounting practice and financial reporting
-
- matters required by other auditing standards to be reported to those charged with governance
 - other matters that we wish to draw to your attention

We have recently completed the review of your statements for 2004/05 and I am writing to confirm that I have no matters that I wish to raise with members under SAS 610.

My conclusion from the financial statements audit as part of my overall audit of the Council for the year will be reported in the usual way through the Annual Audit and Inspection Letter.

Yours sincerely



Mike Thomas
District Auditor and Relationship Manager

Our reference RO005/2/MT

11 October 2005

Full Council
Rossendale Borough Council

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commission.gov.uk

Dear Members

Rossendale Borough Council Audit Reporting

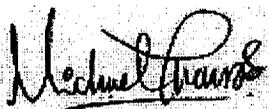
Please find attached a formal letter, which indicates that no separate SAS610 report is required from the 2004/2005 final accounts audit as all material and non-trifling errors identified as part of the audit have been amended in the redrafted accounts.

Other issues arising from the final accounts audit will be reported in a separate opinion memorandum to be shared with the Authority in the coming months.

Members also need to be aware of the current related Use of Resources work on financial management and value for money, which is to be completed and formally reported before the end of March 2006.

We would like to take this opportunity to thank all the finance staff for their assistance and co-operation during the 2004/2005 opinion audit.

Yours sincerely,



Mike Thomas
District Auditor and Relationship Manager