



Meeting Agenda

Audit Committee
Town Hall, St Annes
Tuesday 29 June 2010, 7:00p.m.

The main doors to the Town Hall will be open to the public at 6:40pm
The maximum capacity for this meeting room is 60 persons –
once this limit is reached no other person can be admitted.

AUDIT COMMITTEE

MEMBERSHIP

CHAIRMAN - Councillor John Singleton
VICE-CHAIRMAN – Councillor Linda Nulty

Councillors

Ben Aitken	Paul Rigby
Christine Akeroyd	Janine Owen
Linda Nulty	Elizabeth Oades
Louis Rigby	Keith Hyde

Contact: Lyndsey Lacey, St. Annes (01253) 658504, Email:
lyndseyl@fylde.gov.uk



Our Vision

Fylde Borough Council will work with partners to provide and maintain a welcoming, inclusive place with flourishing communities.

Our Corporate Objectives

- To Promote the Enhancement of the Natural & Built Environment
 - To Promote Cohesive Communities
 - To Promote a Thriving Economy
- To meet the Expectations of our Customers

The Principles we will adopt in delivering our objectives are:

- To ensure our services provide value for money
- To work in partnership and develop joint working



A G E N D A

PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
1. DECLARATIONS OF INTEREST: <i>If a member requires advice on Declarations of Interest he/she is advised to contact the Monitoring Officer in advance of the meeting. (For the assistance of Members an extract from the Councils Code of Conduct is attached).</i>	4
2. SUBSTITUTE MEMBERS: <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
3. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) PROJECT PROGRESS UPDATE	7-10
4. ANNUAL STATEMENT OF ACCOUNTS 2009/10	11-13

Personal interests

8.—(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
 - (ii) any person or body who employs or has appointed you;
 - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
 - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
 - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
 - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
 - (vii) any land in your authority's area in which you have a beneficial interest;
 - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
 - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

Disclosure of personal interests

- 9.—(1)** Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

Prejudicial interest generally

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of—
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	29 TH JUNE 2010	3

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) PROJECT PROGRESS UPDATE

Public Item

This item is for consideration in the public part of the meeting.

Summary

The purpose of the report is to brief the Audit Committee on the project progress made to the end of May 2010 in relation to the introduction of a new financial reporting framework, whereby the accounts for local authorities will be prepared under International Financial Reporting Standards (IFRS), with effect from 2010/11 (1/4/2010).

Recommendation

1. That the Audit Committee note the project progress on the implementation of the IFRS project.

Reasons for recommendation

The Council's annual Statement of Accounts must be completed in accordance with statutory accounting standards and relevant recommended practice.

Alternative options considered and rejected

N/A

Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Finance & Resources

Councillor Roger Small

Report

1. Progress to Date

1.1 The main focus of this work has concentrated on:-

The project was scheduled for completion by 30th April 2010 and this timescale has been extended to 30th June 2010 due to individual tasks on the Project Plan taking longer than expected to be completed by the project manager.

- Fixed Assets review £13.8m (current valuation as at 31st March 09) – each individual asset (circa 400 assets) has been reviewed by the Principal Estates Surveyor and a Senior Accountant in Finance as well as the IFRS Project Manager.
- The classification of all Fylde leases – splitting them into Finance or Operating Leases has also been reviewed.

1.2 As the majority of the preparatory IFRS work has now been completed, the IFRS Project Manager working on the project is due to leave on 30th June 2010. An exit plan has been prepared to ensure all outstanding items have been dealt with. The Original IFRS project plan is now 90% complete with the remaining work to be undertaken hopefully within existing resources. The main areas of work still to be completed are listed below in Table 1.

Table 1

Project Tasks Outstanding/Ongoing		Target Timescales
•	Opening IFRS entries to be posted to CIVICA 1/4/2010	Sept 10
•	Completion of Accounts in IFRS format 31/3/2010	Sept 10
•	Audit of opening Balance Sheet 1/4/09	Dec 10
•	Audit of Accounts 31/3/2010 IFRS	Dec 10
•	Re submit Budgets under IFRS	Feb 11
•	Implement New Fixed Asset Register	March 11
•	Post project evaluation	Sept 11
•	Continuous Updates & Training	Ongoing
•	Annual review for IFRS compliance	Ongoing

1.3 The opening balance sheet has been restated as at 1 April 2009, and it is envisaged that the audit of these results will take place after the Audit Commission has completed the 2009/10 annual audit of the Statement of Accounts. Timescales

have yet to be agreed with the Council's external auditors, Audit Commission, but a date of December 2010 has been identified.

- 1.4 Training will be undertaken by the IFRS Project Manager before the end of June. Training will obviously remain a continuous process.
- 1.5 The Project Board has had monthly updates to ensure the project is running to plan and adequate resources are provided to ensure project success in the required timescale. It is envisaged that in the future after the Project Manager leaves a review/update will still be undertaken on a regular basis.

2. Work to be undertaken to the end of 2011 (31/3/2011)

- 2.1 IFRS Project Manager has to ensure all documentation and project plan items are complete to date before leaving and complete the IFRS technical training for finance staff.
- 2.2 Completion of 2009/10 Statement of Accounts in IFRS format.
- 2.3 Completion of all outstanding items on Project Plan – see Table 1.
- 2.4 The latest detailed project plan can be circulated to Members of Committee if required.
- 2.5 Budget allowing, the plan is that IFRS Project Manager will do ad-hoc training and technical IFRS work as and when required over the coming months.

3. Risk Assessment

- 3.1 Consultation is still outstanding on some key IFRS issues – such as guidance on valuations based on a componentisation. Constant ongoing review for guidance is required and a plan to ensure compliance as appropriate.
- 3.2 Any change of staff within areas of the council that are affected by IFRS need to ensure knowledge is carried on via detailed training.
- 3.3 Monitor CIPFA guidance for ongoing updates to any IFRS standards – may require further action in the future.
- 3.4 Additional resources may still be required but unknown until full guidance is received.

4. Conclusion

- 4.1 The implementation of the IFRS will be challenging and will have an impact on how the Council records, analyses and presents financial (and financial related) information. As the detailed guidance becomes available further reports will be presented to Audit Committee, Portfolio Holder (Finance & Resources) and Management Team as appropriate.

Report Author	Tel	Date	Doc ID
Joanna Scott, Deputy S151 Officer for Fylde BC	(01772) 906059	June 2010	

List of Background Papers		
Name of document	Date	Where available for inspection
Briefing Note - Progress Update IFRS Project	Audit Committee March 2010	Council office or website address

IMPLICATIONS	
Finance	Detailed in body of report
Legal	N/A
Community Safety	N/A
Human Rights and Equalities	N/A
Sustainability and Environmental Impact	N/A
Health & Safety and Risk Management	N/A

REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	29 TH JUNE 2010	4

ANNUAL STATEMENT OF ACCOUNTS 2009/10

Public Item

This item is for consideration in the public part of the meeting.

1. Summary

1. This Committee has the authority to approve the Council's Annual Statement of Accounts and to report back to Full Council.
2. This Council prepares its Annual Accounts and supporting financial statements in accordance with applicable laws and regulations and in line with the Statement of Recommended Practice (SORP) on Local Authority accounting in the UK.
3. This Council has adopted and follows the format of these requirements as set out by CIPFA (Chartered Institute of Public Finance and Accountancy), LASAAS (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice) and the Local Government Act 2003.

Recommendations

Audit Committee to approve the Statement of Accounts for 2009/10 and report back to Full Council accordingly.

1. Information

- 1.1 The Audit Commission will base their opinion on the Annual Accounts as to whether they present fairly the financial position of the Council in accordance with the requirements set out in 1 and 2 above.

- 1.2 The SORP 2009 has presented some minor changes and these changes have been summarised in the Statement of Accounts. There has been no requirement as a result of these changes to undertake prior year adjustments.
- 1.3 The Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.
- 1.4 The Council is required to approve the Statement of Accounts for 2009/10 by 30th June 2010 in line with the Accounts and Audit Regulation 2003
- 1.5 It is planned that a much shorter summary document of the Annual Statement of Accounts will be produced and placed on the Council's website as an easy to use / follow guide. This summary information (which will be posted on the internet following external audit approval) will help assist the public and members with the interpretation of the statutory and detailed Statement of Accounts.
- 1.6 As Audit Committee Members are aware, through joint working with Preston City Council finance team, the Council have started work on the implementation plan of the International Financial Reporting Standards (IFRS) to ensure that both Council's can meet the statutory implementation date of 1st April 2010. Extra resources may still be required by the Council to assist with this implementation on the final run up to implementation. Audit Committee will continue to receive quarterly progress updates during 2010/11 and training will be provided to Members during 2010/11.

2. External Audit

- 2.1 One of the duties of External Audit is to examine the form and regularity of the accounts, the main purpose being to ensure they are not materially mis-stated.
- 2.2 The External Auditors certificate and opinion forms part of the Council's Statement of Accounts. These Accounts are presented subject to that formal audit being carried out and the opinion being issued. Due to the improvements made in the early completion of the accounts by the finance team, it has meant that KPMG can start their audit work much earlier this year, from July 2010 (last year was not started until early September). KPMG must make a general Audit opinion by 30th September 2010. This is in line with the Accounts and Audit Regulations 2003.
- 2.3 If the Auditors identify any material changes to the Accounts, these will be reported to Members.
- 2.4 Once the Audit Opinion has been given the Statement of Accounts can be printed as a public document. The target date for issue is October 2010.

3. Conclusion

- 3.1 The deadline for the production of the Statement of Accounts for 2009/10 has been achieved.

Report Author	Tel	Date	Doc ID
Bernard Hayes	(01772) 906197	14 th June 2010	Annual Statement of Accounts

List of Background Papers		
Name of document	Date	Where available for inspection
Document name		Council office or website address

Attached documents

1. Annual Statement of Accounts 2009/10 (separate pdf file)

IMPLICATIONS	
Finance	Contained in the body of the report
Legal	Non arising directly from this report
Community Safety	Non arising directly from this report
Human Rights and Equalities	Non arising directly from this report
Sustainability and Environmental Impact	Non arising directly from this report
Health & Safety and Risk Management	Non arising directly from this report

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Any enquiries regarding this document/publication should be sent to us at the Town Hall, St Annes Road West, St Annes FY8 1LW, or to listening@fylde.gov.uk.