



JOINT COMMITTEE – 29<sup>th</sup> June 2012

ANNUAL RETURN AND ACCOUNTS 2011/2012 (SUBJECT TO AUDIT)

REPORT OF THE TREASURER

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**1. PURPOSE OF REPORT**

- 1.1 To provide an Annual Return and Accounts for 2011/2012, for approval by the Joint Committee.
- 1.2 As the Joint Committee is defined in the Accounts and Audit Regulations as a smaller relevant body, it is as such exempt from preparing a Statement of Accounts under the 'Code of Practice on Local Authority Accounting in the United Kingdom 2011' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to the accounts. This means that the provisions of the Code of Practice will be relevant, to the extent that they are not overridden or made redundant by statutory requirements.

**2. BACKGROUND**

- 2.1 The Accounts and Audit Regulations 2011 came into force on 31<sup>st</sup> March 2011, which means that they apply to the preparation, approval and audit of statements of accounts prepared in respect of the year ending 31<sup>st</sup> March 2011 and subsequent years.
- 2.2 Smaller relevant bodies in England must have their accounts approved by the full Committee by 30<sup>th</sup> June for audit purposes and they must also complete an Annual Return summarising their annual activities at the completion of each financial year in accordance with the Accounts and Audit Regulations 2003 as amended. Members remain responsible for ensuring that financial management is adequate and effective and that the body has a sound system of internal controls and that effective governance arrangements are in place.

2.3 The Annual Return, shown at Appendix 1, reflects the Accounts as presented to Committee and is divided into several sections. These include:

- Section 1 requires sign off by the Chairman to confirm the accounts have been approved, subject to audit by the Joint Committee.
- Section 2 requires sign off by both the Chairman and Clerk to the Joint Committee to acknowledge that the governance requirements have been properly followed and reported.
- Section 3 is the external auditor's certificate and opinion, and
- Section 4 relates to work completed by the internal audit service, which has already been carried out and has found no issues with the financial statements.

2.4 The Accounts and Audit Regulations 2003 (Amendment) (2006) were introduced with effect from 1st April 2006 and this brought with it two additional requirements to those charged with governance. These were covered in the Annual Return in Section 2 of the form. This meant that the Joint Committee was required to review both the effectiveness of internal audit and must also review the system of internal control which informs the Annual Governance Statement. The effectiveness of internal audit is now not required but is now included as part of the Annual Governance Statement considerations which is a separate report on this agenda dealing with the compilation and approval of the Annual Governance Statement, which for ease of reference remains part of the accounts for the Joint Committee.

### **3. REASONS FOR DECISION**

3.1 The Audit Commission was replaced by BDO LLP (Chartered Accountants) from 1st April 2010, as the Joint Committee's external auditors, and they are required to agree a date for the commencement of their audit of the Statement of Accounts which they must complete by 30th September 2012 in accordance with the smaller relevant bodies regulations.

3.2 The Auditors can only commence the audit once the Joint Committee has formally approved the Annual Return (Subject to Audit) and the appropriate statutory notice of inspection of the Annual Return (accounts) has been given to the residents of Tyne and Wear.

3.3 The Statutory Notice of the audit of the accounts consists of two requirements: the first requirement is that a Notice must be advertised in an appropriate form 14 days before the period of inspection is to commence; the second requirement is that the period of inspection must span 20 working days as set out in the published Notice. During the

inspection period the residents of Tyne and Wear have the right to inspect the accounts and financial records of the Joint Committee and can raise issues with the auditor if they so wish. The audit date determined by the auditor follows the end of the period of inspection and it is on this date that the residents of Tyne and Wear can raise any objections to the accounts.

3.4 The audit date has been appointed by the Auditors as 20th July 2012 and Appendix 2 sets out for Members' information, the timetable applicable for the 2011/2012 Annual Return.

#### **4. RECOMMENDATIONS**

4.1 Members are recommended to:

- Approve the Annual Return (Subject to Audit) and the Accounts for the financial year ended 31st March 2012.

**Malcolm Page**  
Treasurer