

BREIFING NOTE ON THE CONSULTATION ON THE REVISION AND CONSOLIDATION OF THE ACCOUNTS AND AUDIT REGULATIONS 2003 (SI 2003 NO 533) AS AMENDED

Contact Officer: Nancy Leroux
Telephone: 01895 250353

SUMMARY

This briefing note provides a summary of the key issues contained within the consultation to revise and consolidate the Accounts and Audit Regulations 2003 as amended. The consultation runs until 4 March 2011 with the new regulations expected to come into force on 31 March 2011, allowing the changes to impact on the accounts for the 2010/11 financial year.

INFORMATION

The aim of the consolidation is to make the regulations easier to understand and to simplify parts of the regulations which have been impacted by several amendments. There are several wording changes which clarify the intention of the regulations, such as that relating to the statement of internal control which should accompany the published accounts and not form part of the accounts. Additionally, the wording on remuneration reporting has been changed to clarify the meaning of the regulations and remove doubt.

The key issue which impacts on Hillingdon, and in particular on the work of the Audit Committee, is in relation to approval and publication of the accounts.

Current regulations require members to approve the annual accounts before they have been reviewed by the external auditor, which is out of step with private sector practice. The consultation proposes that the Chief Finance Officer will certify the presentation of the annual accounts by 30 June and release to external audit. By 30 September the final accounts must be published with the audit opinion and certificate and before that must have been approved by Members.

IMPLICATIONS FOR AUDIT COMMITTEE

Audit Committee normally review the accounts at their June meeting, so this amendment would delay the review until the September meeting. Also, this year is the first year in which the accounts are presented under International Financial Reporting Standards (IFRS) and training had been planned for the March meeting, in advance of the review of the accounts. As a result of this proposed change, IFRS training will now be delayed until the June meeting.

One negative impact of this delay is that, in past years, Officers have found the Chairman's thorough review of the accounts prior to them being released to external audit to be of significant value. However, the Chairman has very kindly agreed to

continue undertake a review of the accounts during June. The unaudited accounts will also be available to any other member of Audit Committee who wishes to review them.