

**SOUTH THAMES GATEWAY BUILDING CONTROL
JOINT COMMITTEE**

9 JUNE 2009

**FINAL OUTTURN AND STATEMENT OF
ACCOUNTS 2008 - 2009**

Report from: Mick Hayward, Treasurer to the Joint Committee

Summary

The report addresses the requirement for the Joint Committee to approve the draft statement of accounts for the 2008 – 2009 financial year.

1. Budget and Policy Framework

1.1 The Memorandum of Agreement and the Accounts and Audit Regulations 2003 require formal statements to be approved by the Joint Committee and these are provided at Appendix 2 to this report.

2. Final Outturn 2008-2009

2.1 The 2008-2009 budget for the Partnership was set to achieve a surplus of £7,730 and, until the late autumn, it was forecast that at least break-even could be achieved through cost reductions to offset a relatively small shortfall in income.

2.2 However, by November the economic climate was deteriorating rapidly and it became clear that there would be a significant reduction in fee income. Furthermore, as 90% of the Partnership's cost relate to salaries and premises, there was limited scope to make significant cost reductions in the short term. The meeting of the Joint Committee on 23 February 2009 subsequently noted a forecast deficit for the year of £309,000.

2.3 The final outturn for 2008-2009 was a deficit of £282,355, an adverse variance of £290,085 against budget (an income shortfall £363,840 offset by savings and expenditure of £73,755). The revenue account for 2008-2009 is attached at Appendix 1 along with the balance sheet at 31 March 2009.

- 2.4 Utilising the brought forward reserve of £16,761, a deficit of £265,594 remained to be met by the partners as follows

			£
Medway	(53%)	140,765	
Swale	(27%)	71,710	
Gravesham	(20%)	53,119	
			<u>265,594</u>

3. Statement of Accounts

- 3.1 In view of the turnover for 2007/2008 the formal Partnership accounts are presented at Appendix 2 in abridged format. For future years the statements will be far more extensive in order to be full SORP (Statement of Recommended Practice) compliant. The sections within Appendix 2 are as follows:

3.1.1 Section 1 – Statement of Accounts

3.1.2 Section 2 – Governance Statement

This section summarises the expectation on the Joint Committee in the way it manages the Partnership.

3.1.3 Section 3 – External auditor’s certificate and opinion

To be completed in due course by the external auditor with any issues reported back to the Joint Committee.

3.1.4 Section 4 – Annual Internal Audit Report

The accounts of the Partnership are currently hosted by Medway Council and maintained on Medway’s financial systems. As such there was no bespoke internal audit of the Partnership in 2008/2009 but the Audit Service Manager is able to provide the necessary certification on the basis of work undertaken on Medway’s systems.

- 3.2 Following approval of these draft accounts by the Joint Committee the external audit will commence including the opportunity for the general public to inspect the financial records. In due course the external auditor will report back to the Joint Committee on his findings.

4. Financial Implications

- 4.1 These are contained within the body of this report. The impact of the ongoing recession was considered in the revised business plan 2009-2010 as approved by the Joint Committee on 23 February 2009 and a monitoring report for 2009-2010 is included elsewhere on this agenda.

5. Legal Implications

- 5.1 There is a legal requirement for the Joint Committee to approve the draft Statement of Accounts.

6. Risk Management

- 6.1 Risk is addressed throughout the Statement of Accounts, namely in the Governance Statement and the Annual Internal Audit Report.

7. Recommendation

- 7.1 That the Joint Committee note the outturn for 2008-2009 and approve the Statement of Accounts as presented.

Background papers

None.

Lead Officer

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STG BUILDING CONTROL**Revenue Account 2008 - 2009**

	<u>Budget</u> £	<u>Actual</u> £	<u>Variance</u> £
Staff	1,502,714	1,440,451	(62,263)
Premises	98,652	90,051	(8,601)
Transport	59,171	58,184	(987)
Supplies & Services	133,002	131,099	(1,903)
Gross Expenditure	1,793,539	1,719,784	(73,755)
Fee Income	(1,408,744)	(1,061,797)	346,947
Contribution from partners for non-fee earning activities	(392,525)	(375,632)	16,893
Gross Income	(1,801,269)	(1,437,429)	363,840
Gross (Surplus) / Deficit	(7,730)	282,355	290,085
Surplus b/f 1/4/2008		(16,761)	
Deficit Funding			
- Medway (53%)		(140,765)	
- Swale (27%)		(71,710)	
- Gravesham (20%)		(53,119)	
		(282,355)	

Balance Sheet

	31/3/2009	31/3/2008
Current Assets		
- Debtors	77,540	143,861
less provision for bad debt	(17,000)	(17,000)
	<u>60,540</u>	<u>126,861</u>
Current Liabilities		
- Creditors	(9,942)	(30,743)
- Accountable body (Medway)	(50,598)	(79,357)
	<u>(60,540)</u>	<u>(110,100)</u>
Net Current Assets	<u>0</u>	<u>16,761</u>
funded by		
General Reserve	<u>0</u>	<u>16,761</u>

**SOUTH THAMES GATEWAY
(STG)
BUILDING CONTROL
PARTNERSHIP**

**ANNUAL RETURN
2008/09**

Section 1 – Statement of accounts

SOUTH THAMES GATEWAY BUILDING CONTROL PARTNERSHIP

	Year ending	
	31 March 2008 £000's	31 March 2009 £000's
Balances brought forward	0	(17)
Contributions from constituent authorities	(180)	(641)
Total other receipts	(549)	(1,061)
Staff costs	639	1,440
Total other payments	73	279
Balances carried forward	(17)	0
Total cash and short term investments (see note)	0	0
Total fixed / long term assets	0	0
Total borrowings	0	0

Note:- The Partnership's accounts are hosted by Medway Council and as such the Partnership does not have its own cash / bank balances. At 31 March 2009 the Partnership owed the Council £50,598 in respect of its notional cash balance.

<p>I certify that the statement of accounts contained in this annual return presents fairly the financial position of the Partnership and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.</p> <p>Signed by the Responsible Financial Officer</p> <p>.....</p> <p>Date</p>	<p>I confirm that these accounts were approved by the Partnership Joint Committee and recorded as minute reference</p> <p>Date</p> <p>Signed by Chair of meeting approving Partnerships accounts</p> <p>.....</p> <p>Date</p>
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Section 2 – Annual governance statement

We acknowledge, as the members of STG Building Control Joint Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the statement of accounts. We confirm, to the best of our knowledge and belief, with respect to the partnership’s statement of accounts that

- We have approved the statement of accounts, which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practice.
- We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.
- We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the Partnership to conduct its business or on its finances.
- We have provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.
- We have carried out an assessment of the risks facing the Partnership and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.
- We have maintained throughout the year an adequate and effective system of internal audit of the Partnership’s accounting records and control systems and carried out a review of its effectiveness.
- We have taken appropriate action on all matters raised in reports from internal and external audit.
- We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Partnership and, where appropriate, have included them in the statement of accounts.

This annual governance statement is approved by the joint committee and recorded as minute reference Dated

Signed on behalf of the Partnership Joint Committee

Signed by (Chair) Date

Signed by..... (Clerk) Date.....

Section 3 – External auditor’s certificate and opinion

CERTIFICATE

We certify that we have completed the audit of the annual return for the year ended 31 March 2009 of

SOUTH THAMES GATEWAY BUILDING CONTROL PARTNERSHIP

Respective responsibilities of the Partnership and the auditor

The Partnership is responsible for the preparation of the accounts in accordance with the requirements of the Accounts and Audit Regulations and for the preparation of an annual return which:

- Summarises the Partnership’s accounting records for the year ended 31 March 2009; and
- Confirms and provides assurance on those matters that are important to our audit responsibility.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External Auditor’s Report

(Except for the matters reported below) on the basis of our review, in our opinion the information contained in the annual return is in accordance with the Audit Commission’s requirements and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate)

Other matters not affecting our opinion which we draw to the attention of the Joint Committee

External Auditor’s signature

External Auditor’s name.....

Date.....

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled Statement of Responsibilities of Auditors and of Audited Small Bodies.

Section 4 – Annual internal audit report

Note - *The accounts of the Partnership are currently hosted by Medway Council and maintained on Medway's financial systems. As such the head of internal audit is able to provide the necessary certification on the basis of work undertaken on Medway's systems.*

The Council's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2009.

Internal audit has been carried out in accordance with the Council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and, opposite, are the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Council.

	Agreed? Yes / No / Not covered
Appropriate books of account have been properly kept throughout the year	Covered by external audit in their Medway Council 2008/09 accounts audit
The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for	Agreed – Covered by Medway Council creditors audit.
The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	Agreed – Covered by Medway Council risk management audit.
Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for	Not covered in 2008/09
Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for	Not covered in 2008/09
Salaries to employees and allowances to members were paid in accordance with approvals and PAYE and NI requirements properly applied	Agreed – Covered by Medway Council payroll audit.
Asset and investment registers were complete and accurate and properly maintained	Not covered in 2008/09
Periodic and year end bank reconciliations were properly carried out	Agreed – Covered by Medway Council bank reconciliation audit.
Year end accounts were prepared on the correct accounting basis (receipts and payments, income and expenditure), agreed with cash book, were supported by an adequate audit trail from underlying records and, where appropriate, debtors and creditors were properly recorded	Covered by external audit in their Medway Council 2008/09 accounts audit

Audit Services Manager, Medway Council

Signature R Humphrey

Date: 01/06/2009