



THE THREE RIVERS & WATFORD
SHARED SERVICES JOINT COMMITTEE

STATEMENT OF ACCOUNTS

2011/2012

CONTENTS

	Page
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	2
This statement sets out the respective responsibilities of the Joint Committee and its Finance Officer for the Statement of Accounts.	
EXPLANATORY FOREWORD	3
The foreword gives a brief explanation of what is included within the Statement of Accounts, as well as providing a summary of the main financial results for 2011/12.	
ANNUAL GOVERNANCE STATEMENT	6
This statement is required by <i>The Accounts and Audit Regulations (England) 2011</i> .	
CORE FINANCIAL STATEMENTS	
Statement of Movement in Reserves	12
Each council raises council tax on a different accounting basis to the way financial performance is measured in the Comprehensive Income and Expenditure Account. In each council's accounts, this Statement shows the movement in the year on different reserves held by the Council and which contribute to their General Fund balances. There are no adjustments needed to the shared services income and expenditure account before consolidation into the accounts of the two councils, therefore there is nothing to record in this account.	
Comprehensive Income and Expenditure Account	12
This account summarises the resources that have been generated and consumed in providing and managing the shared services during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value	
Balance Sheet	13
Balance Sheet represents the Council's overall financial position. In addition to containing the revenue balances and reserves at the Council's disposal, it shows its long-term indebtedness and the fixed and net current assets employed in its operations.	
Cash Flow Statement	13
The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.	
NOTES TO THE CORE FINANCIAL STATEMENTS	14
These include the Statement of Accounting Policies which explains the basis upon which the figures in the accounts have been prepared. Further explanatory notes explain in more detail the contents of the core financial statements.	
GLOSSARY OF TERMS	18
INDEPENDENT AUDITORS' REPORT AND CERTIFICATE	20

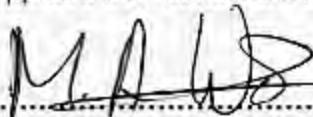
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Code of Practice on Local Authority Accounting in The United Kingdom reflects the requirements of the Accounts and Audit Regulations (England) 2011. The Authority must provide a Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Authority and the Chief Financial Officer for the Accounts.

The Joint Committee's Responsibilities

The Joint Committee is required:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Shared Services Joint Committee the Finance Officer is the Head of Finance for Shared Services.
- (b) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (c) To approve this Statement of Accounts.

Signed: 

Councillor Mark Watkin

Chairman, Three Rivers and Watford Shared Services Joint Committee

Date: 24 September 2012

The Finance Officer's Responsibilities

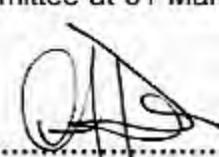
The Joint Committee's Finance Officer is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the Code of Practice.

In preparing this Statement of Accounts the Head of Finance Shared Services has:

- (a) Selected suitable accounting policies and then applied them consistently;
- (b) Made judgements and estimates that were reasonable and prudent;
- (c) Complied with the Code of Practice (except where disclosed otherwise);
- (d) Kept proper accounting records which were up to date; and
- (e) Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE FINANCE OFFICER

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Joint Committee at 31 March 2012 and its income and expenditure for the year ended 31 March 2012.

Signed: 

Alan Power

Finance Officer

Head of Finance, Shared Services

Date: 24 September 2012

EXPLANATORY FOREWORD

1. Introduction

The purpose of the Statement of Accounts is to give information to interested parties on how the Joint Committee has used the resources available to it to provide services to Three Rivers and Watford councils. The Shared Services arrangement commenced on the 1 April 2009 for the provision of Finance, Human Resources, ICT and Revenues & Benefits services.

This foreword gives a brief explanation of what is included within the Statement of Accounts, as well as providing a summary of the main financial results for 2011/12.

The Joint Committee is required to prepare 'group accounts' where there are significant interests in other organisations. It has carried out a review and determined that no other organisations exist that would require group accounts to be prepared.

2. Accounting Framework

The *Code of Practice on Local Authority Accounting in the United Kingdom* defines the proper accounting practices for local authorities in England. The *Code has been published by* the Chartered Institute of Public Finance and Accountancy (CIPFA) based on International Financial Reporting Standards (IFRS). The Accounts and Audit Regulations (England) 2011 define the Three Rivers and Watford Shared Services Joint Committee as a Larger Relevant Body.

3. Changes in Functions

There have been no significant changes in functions of Shared Services during 2011/12.

4. Revenue Activities

Revenue Out-turn 2011/12

Revenue expenditure is the day-to-day expenditure incurred by the Councils to deliver shared services. Total revenue expenditure amounted to £6.65m. The Three Rivers and Watford Shared Services Joint Committee is not a separate legal entity and does not have capacity to enter into contracts of employment or contracts for goods and services. The Joint Committee has no employees, assets or liabilities - these are the responsibility of the constituent councils. Shared Services costs and incomes are reported separately to the Joint Committee for management, performance and accounting purposes.

Comparison of the original budget with the out-turn for each of the shared services:-

	2011/12 Original Estimate £000s	2011/12 Out-turn £000s	2011/12 Variance £000s
ICT	1,459	1,470	11
Finance	1,625	1,533	(92)
Human Resources	725	695	(30)
Revenues & Benefits	2,607	2,966	359
	<u>6,416</u>	<u>6,664</u>	<u>248</u>

EXPLANATORY FOREWORD

Comparison of the original budget with the out-turn analysed against the CIPFA subjective classification:-

	2011/12 Original Estimate £000s	2011/12 Out-turn £000s	2011/12 Variance £000s
Employees	5,317	5,661	344
Transport	50	48	(2)
Supplies and Services	958	861	(97)
Agency and Contracted	96	99	3
Income	(5)	(5)	0
	6,416	6,664	248

Comparison of the income from the partner councils in the original budget with the out-turn:-

	2011/12 Original Estimate £000s	2011/12 Out-turn £000s	2011/12 Variance £000s
Three Rivers District Council	2,535	2,597	62
Watford Borough Council	3,881	4,067	186
	6,416	6,664	248

The variance between the expenditure and the original budget results predominantly from the employment of additional benefits assessors to address an increasing workload resulting from the economic climate.

5. Future Revenue Expenditure & Its Funding

Expenditure on the services is under the control of the partner councils. The four shared services reported their estimated latest budgeted net expenditure for the four financial years from 2011/12 through to 2014/15 to the Joint Committee in November 2011. These estimates were agreed and incorporated into the partner councils medium term financial plans. The Joint Committee receives quarterly financial and performance monitoring reports. Arrangements are in place to refer variances to the councils.

6. Governance

This Statement of Accounts is one way in which the Three Rivers and Watford Shared Services Joint Committee tries to demonstrate that it is making good use of public funds and providing value for money. The Councils are constantly looking to improve financial management and internal control within the Shared Services arrangement. The External Auditor carries out value for money reviews in partner councils as part of their reporting.

EXPLANATORY FOREWORD

7. Further Information

Further information on the joint service accounts is available from the Head of Finance (Shared Services) based at Three Rivers Council Offices, Northway, Rickmansworth, Herts., WD3 1RL. Information on both councils policies, their Medium Term Financial Plans and Statements of Accounts can be found on their websites or in hard copy by request. Please visit www.threerivers.gov.uk and www.watford.gov.uk

Alan Power
Head of Finance
Shared Services
28 June 2012

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

The Three Rivers and Watford Shared Services Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Three Rivers District Council and Watford Borough Council have approved and adopted codes of corporate governance, which are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'. Copies of both codes can be found on the websites for Three Rivers

<http://www.threerivers.gov.uk/Default.aspx/Web/CorporateGovernance>

and Watford

<http://www.watford.gov.uk/ccm/content/finance/local-code-of-corporate-governance.en>

or be obtained from the councils.

These statements explain how the Councils have complied with the Code and also meet the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance frameworks described in the reports to Audit Committees for Three Rivers and for Watford have been in place at the Councils for the year ended 31 March 2012 and up to the date of approval of the statement of accounts.

ANNUAL GOVERNANCE STATEMENT

3. The Governance Framework

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements are:-

- Identifying and communicating the vision of the Shared Services Joint Committee's purpose and intended outcomes for citizens and service users.
- Reviewing the councils' vision and its implications for the governance arrangements of the Shared Services Joint Committee.
- Measuring the quality of services for users and ensuring they are delivered in accordance with the Joint Committee's objectives for ensuring they represent the best use of resources.
- Defining and documenting roles and responsibilities of the Joint Committee and officer functions with clear delegation arrangements and protocols for effective communication.
- Developing, communicating and embedding codes of conduct for standards of behaviour for members and staff.
- Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes which clearly define how decisions are taken and the process and controls to manage risks.
- Undertaking the core functions of an audit committee as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Whistle-blowing and arrangements for receiving and investigating complaints from the public.
- Identifying the development needs of members and senior officers.
- Establishing clear channels of communication with all sections of the community.
- Incorporating good governance arrangements in respect of partnerships.

4. Review of Effectiveness

The Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

ANNUAL GOVERNANCE STATEMENT

The Councils have procedures in place to ensure the maintenance and review of the effectiveness of the governance frameworks which includes reports to and reviews by the following:-

- The Audit Committee of Three Rivers, the Audit Committee of Watford and the Standards Committee of each Council.
- Internal Audit and External Audit.
- Other review / assurance mechanisms.

5. Significant Governance Issues

5.1 Three Rivers District Council

The Council proposes over the coming year to take steps to address the following matters to further enhance its governance arrangements. It is satisfied that these steps will address the need for improvements that were identified in its review of effectiveness and will monitor their implementation and operation through regular reporting to the Audit Committee.

<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to date / Action Required</i>	<i>Resolved</i>	<i>Original Implementation Date</i>
<p>In continuing to monitor internal audit recommendations, the Audit Committee should:</p> <ul style="list-style-type: none"> • receive progress reports on the time taken to implement high priority recommendations • monitor specifically recommendations concerning the recovery of overpaid benefits, reconciliations to the Financial Management System, ICT and contract management 	High	Director of Corporate Resources & Governance	<p>Quantum of overpaid benefits confirmed in closing of accounts process and appropriate provision for bad debts made. Plans now required for write-offs where required.</p> <p>SQLs have been written to extract information from the revenues and benefits system to the financial management system enabling finance staff to perform reconciliations more easily.</p> <p>Audit Committee is monitoring the implementation of internal and external audit recommendations and is receiving progress reports from the external auditors.</p>	x	March 2013
Members should continue to monitor the progress towards achieving the cost reductions included in the budget	Medium	Management Board	<p>Monthly budget monitoring reports include progress. Chief Executive's report to the Executive Committee on Restructuring Proposals addressed a shortfall in savings required.</p>	x	March 2013

ANNUAL GOVERNANCE STATEMENT

<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to date / Action Required</i>	<i>Resolved</i>	<i>Original Implement- ation Date</i>
Members should monitor the Council's plans in respect of the localisation of support to council tax, the retention of business rates and changes to universal credit.	High	Director of Corporate Resources & Governance	Working Party set up at Annual Council meeting to consider localisation of support to Council Tax. First meeting scheduled for 11 June 2012.	✘	March 2013
Members should continue to seek assurance that the weaknesses identified in ICT provision are being addressed	High	Director of Corporate Resources & Governance	Audit Committee is monitoring the implementation of internal and external audit recommendations and is receiving progress reports from the external auditors. Joint Shared Services Committee has received reports on the progress of tendering the service.	✘	March 2013
The Director of Corporate Resources and Governance should work with the external auditors to improve the explanatory foreword to the Statement of Accounts	Low	Director of Corporate Resources & Governance	Foreword in preparation for inclusion in draft Statement of Accounts. Work carried out to produce clear reconciliation between published budget figures and financial statements included in the accounts have been shared with the auditor, whose publication "Weathering the Storm" includes advice on preparation of the Foreword that is being used in its preparation.	✔	September 2012

5.2 Watford Borough Council

The following significant issues have been identified as a result of review, with target dates for correction:

No.	Issue	Action	Lead	Update
1	Revenues and Benefits reconciliations within Academy and between Academy and the Cedar Finance Management System need to be completed for 2011/2012.	External help has been engaged to bring this up to date. BY: Immediate	Head of Revenues and Benefits Shared Services.	This was an issue in 2010/2011. Great progress has been made and it just requires one last effort to remove this as a governance issue.

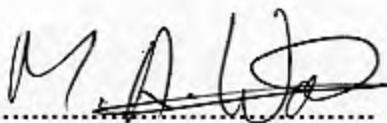
ANNUAL GOVERNANCE STATEMENT

No.	Issue	Action	Lead	Update
2	Revenues and Benefits received a detailed Health Check report in Summer 2010. A few recommendations have still to be achieved.	Solid progress has been made but the Revenues and Benefits health check should continue to be revisited until all accepted recommendations are completed. BY: 31st December 2012.	Head of Revenue and Benefits Shared Services.	Until all recommendations have been actioned the service will continue to be 'average' at too high a cost.
3	Revenues and Benefits received an Inspection from the Department of Works and Pensions at year end. The report indicated good progress had been made but highlighted two issues of concern. The first issue related to the fact that notification of regulation amendments from the DWP (ATLAS) have not been actioned since July 2011. This will increase the probability of overpayments being made. The second issue relates to the fact that the Shared Services 'local authority error' for Watford is higher than acceptable levels.	Retrospective action needs to be taken to action all ATLAS notifications. BY: Immediate Improvements in timescales for dealing with outstanding benefit claimants should result in the level of local authority error falling to acceptable levels. BY: September 2012.	Head of Revenues and Benefits Shared Services.	ATLAS work has now commenced. Improvement in turn around times for claimants is being maintained.
4	The incidence of Fraud has increased across the economy generally. This fraud includes false supplier details, syndicates submitting fictitious benefits claims, cyber crime by hacking into ICT systems, and the lack of proper vetting procedures relating to key staff appointments.	The most vulnerable areas of Council activity have been reviewed but all financial procedure rules need to be reviewed. ICT security systems need a 'health check' to ensure they are robust to cyber hacking. Additional staff vetting procedures should be introduced when appointing ICT or Benefits staff in particular. BY: 30th September 2012	Head of Finance Shared Services. Head of ICT Shared Services. Head of HR Shared Services.	Immediate vulnerable areas such as payment of creditors has been addressed. A comprehensive review now needs to take place.

ANNUAL GOVERNANCE STATEMENT

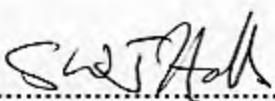
No.	Issue	Action	Lead	Update
5	Issues relating to the ICT operating platforms need to continue to be addressed so that there is greater resilience for all users.	Progress has been made in improving server resilience and issues relating to the 'thin client' environment. This progress needs to continue. BY: October 2012	Head of ICT Shared Services.	An Action Plan has been developed. The service is being market tested during 2012/2013 with the evaluation criteria having a heavy emphasis on 'quality of product'.

We propose over the coming year to liaise with Three Rivers District Council in order to take steps to address the above matters. Subject to the necessary approvals from TRDC, we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed 

Date: 24 September 2012

Mark Watkin
Chairman
Three Rivers and Watford Shared Services Joint Committee

Signed 

Date: 24 September 2012

Dr Steven Halls
Chief Executive
Three Rivers District Council

STATEMENT OF MOVEMENT IN RESERVES

The Comprehensive Income and Expenditure Account (I&E) shows the Joint Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. Each Council is required to raise Council Tax on a different accounting basis.

There are no adjustments required to the Shared Service Income and Expenditure Account before consolidation into the accounts of each Council's General Fund Balances.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the Shared Service during the last year. It includes all day-to-day expenses and related income on an accruals basis.

2010/2011		2011/2012		
Net Expenditure /Income £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure /(Income) £000s
	Expenditure on Continuing Services			
1,335	Local Tax Collection	1,400	(1)	1,399
1,826	Housing Benefits	1,567	0	1,567
3,858	Central Support Services (HR, Finance & ICT)	3,703	(5)	3,698
7,019	Cost of Services/Operating Expenditure	6,670	(6)	6,664
(2,741)	Income from Three Rivers District Council			(2,597)
(4,278)	Income from Watford Borough Council			(4,067)
0	(Surplus)/Deficit For The Year			0

BALANCE SHEET AS AT 31 MARCH 2012

31 March 2011 £000s		Note	31 March 2012 £000s	
			£000s	£000s
	Current Assets			
35	Debtors	5	178	
35	Cash & Bank (Three Rivers DC)		22	
49	Cash & Bank (Watford BC)		39	239
119				
	Current Liabilities			
(119)	Creditors	6	(239)	
0	Bank Overdrawn (Watford BC)		0	(239)
0	Total Assets Less Liabilities			0
	Financed By			
0	Revenue Fund Balance			0

Signed 

Alan Power
Head of Finance, Shared Services

Date: 24 September 2012

Signed 

Councillor Mark Watkin
Chairman, Three Rivers and Watford Shared Services Joint Committee

Date: 24 September 2012

CASH FLOW STATEMENT

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2010/2011 £000s		2011/2012 £000s
	Revenue Activities	
	Cash Outflows	
7,007	Operating Cash Payments	6,550
	Cash Inflows	
(7,074)	Cash Received for Goods And Services	(6,527)
(67)	(Increase)/Decrease In Cash	23

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Statement Of Accounting Policies

The Statement of Accounting Policies explains the basis for the recognition, measurement and disclosure of transactions and other events in the Accounts.

1.1 General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Joint Committee is required to prepare an annual Statement of Accounts by The Accounts and Audit (England) Regulations 2011, which require these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Debtors and Creditors, Income and Expenditure

The accounts of the Council are shown on an accruals basis in accordance with the Code of Practice. That is to say, actual expenditure and income incurred during the year is recorded in the accounts, rather than the cash sums paid or received. Where actual costs are not available, accruals are made on a best estimate basis.

1.3 Support Services

The policies adopted for Shared Services by Three Rivers and Watford Councils is to charge costs directly to partner councils.

1.4 Basis of Preparation

No separate accounting records are kept by the Shared Services Joint Committee. As a result the accounts have been prepared from the records maintained by Three Rivers District Council and Watford Borough Council.

1.5 Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them.

VAT has been included in the income and expenditure accounts only to the extent that it is irrecoverable.

NOTES TO THE CORE FINANCIAL STATEMENTS

2. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However decisions about resource allocation are taken by the Joint Committee on the basis of budget reports analysed across services, as below:

2010/11 £000s	SERVICE AREA	2011/12 £000s
1,468	Information Technology	1,470
1,611	Finance	1,533
779	Human Resources	695
3,161	Revenues & Benefits	2,966
7,019	Net Shared Services	6,664
	FUNDING	
(2,741)	Three Rivers District Council Contribution	(2,597)
(4,278)	Watford Borough Council Contribution	(4,067)
(7,019)	Total Funding	(6,664)
0	Net Expenditure Less Funding	0
0	Surplus/Deficit Shared Services	0

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

As the shared service accounts do not include any adjustments under Statute, the figures presented to the Joint Committee agree to those shown on the face of the Comprehensive Income and Expenditure Account, so no reconciliation of the figures is required.

3. Local Authorities Goods and Services Act 1970

The Shared Service provides HR support to the West Herts Crematorium Joint Committee.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Related Parties

The Shared Service is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions in this Statement of Accounts allows the readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Related parties to the Joint Committee would include:

- ◆ central government;
- ◆ local authorities and other bodies precepting or levying demands on the council tax;
- ◆ its councillors;
- ◆ its chief officers; and
- ◆ its pension fund.

The Three Rivers and Watford Shared Services Joint Committee has been established under the Local Government Act 1972 and the Local Government Act 2000. The Agreement between the two councils was to establish and facilitate the joint delivery of certain functions in accordance with the terms of the Agreement. The Joint Committee is empowered to arrange for the discharge of these functions. Three Rivers and Watford councils have each nominated three Members with full voting rights to the Joint Committee.

5. Debtors

Balance at 31 March 11 £000s		Balance at 31 March 12 £000s
35	Sundry Debtors	178
35		178

There is no provision for bad debts, as all of the debts are less than a year old.

The Shared Service considers that the carrying amount of trade and other debtors approximates to their fair value.

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Creditors

Balance at 31 March 11 £000s		Balance at 31 March 12 £000s
119	Sundry and Other Creditors	239
119		239

Sundry and Other Creditors are the Shared Service's trade creditors and payments in advance.

7. Disclosure of Audit Costs

In 2011/12 the Joint Committee incurred the following Audit Commission fees relating to external audit

2010/11 £000s		2011/12 £000s
11	Audit Fees	10
11		10

8. Authorisation Of The Accounts For Issue

The Statement of Accounts was authorised for issue by Alan Power, the Shared Services Finance Officer, on 24 September 2012.

9. Events After The Balance Sheet Date

There are no post balance sheet events requiring disclosure. In determining if an event requires disclosure consideration has been given to events occurring up to 24 September 2012.

GLOSSARY

Accounting Period

The period of time covered by an authority's accounts, normally twelve months, beginning on 1 April. Also known as the Financial Year.

Accounting Policies

The principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are reflected in the financial statements.

Accrual

A sum included in the final accounts attributable to that accounting period but for which an actual payment is yet to be made or income received. Accruals are made for revenue and capital expenditure and income.

Asset

An item having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year where current assets can be readily converted into cash.

Audit Commission

The body responsible for appointing external auditors to local authorities and for setting the standards that those auditors are required to follow. The Commission will also carry out studies designed to promote the effective and efficient provision of local authority services.

Council Tax

A local tax set by local authorities in order to meet their budget requirements. There are eight Council Tax bands (Band A to Band H); the amount of Council Tax each household pays depends on the value of their homes.

Creditors

Amounts owed by an authority for works done, goods received or services rendered before the end of an accounting period, but for which actual payments had not been made by the end of that accounting period.

Debtors

Amounts due to an authority for works done, goods supplied or service rendered before the end of an accounting period, but for which actual payments had not been received by the end of that accounting period.

Exceptional Items

Material items that derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence.

External Audit

The auditor is appointed by the Audit Commission and is required to verify that all statutory and regulatory requirements have been met during the production of the authority's accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

Extraordinary Items

Material items that derive from events or transactions that fall outside the ordinary activities of the authority.

GLOSSARY

FRS

A statement of accounting practice issued by the Accounting Standards Board in the UK.

General Fund

The common name for the account which accumulates balances for all services.

IFRS

International Financial Reporting Standards.

Liability

An amount owed by an authority that will be paid at some time in the future.

Outturn

Actual income and expenditure in an accounting period.

Reserves

This is the accumulated surplus income (in excess of expenditure), which can be used to finance future spending.

Revenue Expenditure

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

Support Services

These are functions that provide support to service departments. They include accountancy, internal audit, information technology, human resources, general administration and office accommodation.

INDEPENDENT AUDITORS REPORT AND CERTIFICATE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THREE RIVERS AND WATFORD SHARED SERVICES JOINT COMMITTEE

Opinion on the Committee financial statements

We have audited the financial statements of Three Rivers and Watford Shared Service Joint Committee for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Committee Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Three Rivers and Watford Shared Service Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Finance Officer and Auditor

As explained more fully in the Statement of the Finance Officer's Responsibilities, the Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Committee Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Three Rivers and Watford Shared Service Joint Committee as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Committee Accounting in the United Kingdom 2011/12.

INDEPENDENT AUDITORS REPORT AND CERTIFICATE

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Committee to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act

We have nothing to report in these respects

Conclusion on the Committee's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Committee and the auditor

The Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Committee has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

INDEPENDENT AUDITORS REPORT AND CERTIFICATE

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Committee put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

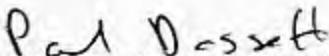
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Committee had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, we are satisfied that, in all significant respects, Three Rivers and Watford Shared Service Joint Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

We certify that we have completed the audit of the accounts of Three Rivers and Watford Shared Service Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.


.....

Paul Dossett

Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Grant Thornton House
Melton Street
London
NW1 2EP

25

Date: ~~27~~ September 2012