

ITEM NO.	
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<b>TITLE</b>	: STATEMENT OF ACCOUNTS 2002/03		
<b>TO / ON</b>	: AUDIT SUB COMMITTEE	31st JULY, 2003	
<b>BY</b>	: EXECUTIVE MEMBER FOR RESOURCE		
<b>STATUS</b>	: FOR PUBLICATION		

**1.0 TYPE OF DECISION**

1.1 What type of decision is to be taken:-

EXECUTIVE DECISION				COUNCIL DECISION	
Key	-	Non Key	-	Yes	

1.2 If a key decision, has it been included in the Forward Plan

Inclusion in Forward Plan	No	Date of Plan	N/A
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**2.0 SUMMARY**

The report asks Members to consider and, if appropriate, approve the Authority's Statement of Accounts for the financial year ended 31 March, 2003.

Members are asked to note that the Accounts have been prepared 2 months ahead of the statutory deadline for 2002/03 (see par. 5.3).

**3.0 OPTIONS AND RECOMMENDED OPTIONS (with reasons)**

Members can:

- Approve the Statement of Accounts for the 2002/03 financial year in line with the provisions of the Accounts and Audit Regulations 1996 (and updated by the 2003 Regulations); approve the financing of the Capital Programme as outlined in Note 3 of the Consolidated Balance Sheet; and note the contents of the Letter of Representation attached as Appendix B to the report; **OR**
- Request changes to the Statement of Accounts whilst meeting with the provisions of the Accounts and Audit Regulations 1996 / 2003 and/or the financing of the Capital Programme outlined in Note 3 of the Consolidated Balance Sheet.

#### **4.0 THIS REPORT HAS THE FOLLOWING IMPLICATIONS**

<b>Corporate Aims</b>	The successful performance of the Council's financial resources supports the delivery of its corporate aims and objectives.
<b>Policy Framework</b>	The final position of the Council's financial resources will impact on the achievement of all the authority's policies.
<b>Statement by Monitoring Officer</b>	The production of the Authority's statutory accounts is a requirement of the Local Government Act 1972 and has been undertaken in compliance therewith and the Council's Standing Order 56. The report accords with the Council's Policy and Budget Framework and has been produced in accordance with all relevant Statutory Guidance and Codes of Practice.
<b>Statement by Director of Finance and E-Government</b>	The Statement of Accounts reflects the Authority's financial performance during 2002/03 and helps to shape budget strategy in future years.
<b>Human Resource IT/Land and Property Implications</b>	There are no direct Human Resource / IT / land and Property implications arising from this report.
<b>Wards/Area Boards affected</b>	All
<b>Scrutiny Panel's Interest</b>	Falls under the remit of the Resource Scrutiny Panel.
<b>Consultations</b>	No direct consultations have taken place. The Accounts will be available for public inspection for 20 working days from 11th August, 2003 to 5th September, 2003 at Bury Town Hall.
<b>Call-in</b>	There is no indication that the report will be called in.

## Briefings

Executive Members/ Chair	Yes	Chief Executive	Yes
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### 5.0 INTRODUCTION

- 5.1 Under the terms of the Accounts and Audit Regulations 1996 each year the Authority is required to produce, and have approved, the Statement of Accounts before 30 September following the Balance Sheet date.
- 5.2 Once the Accounts have been approved they are subject to audit by, in our case, District Audit and a final copy of the Accounts containing the auditor's certificate and opinion must then be published on or before 31<sup>st</sup> December.
- 5.3 However, the Accounts and Audit Regulations 2003 require a gradual acceleration of the timetable for the financial years commencing April 2003 (as outlined below).

This has required a review of our existing closure timetable and it was agreed that the 2002/03 accounts be treated as a "dry run" in preparation of the earlier approval and publication dates in future years.

Financial Year	Statutory Approval Date	Statutory Publication Date
2002/03	30 September	31 December
2003/04	31 August	30 November
2004/05	31 July	31 October
2005/06	30 June	30 September

- 5.4 As such, the 2002/03 Statement of Accounts have been prepared 2 months ahead of the statutory deadline for this year.
- 5.5 During the audit process the Accounts are 'placed on deposit' for 20 working days and during this time they are available for inspection by members of the public. At the end of this period the auditor is available for questioning by the public. This matter, and the dates on which the Accounts are on deposit, is advertised in the local press and for Members' information the 2002/03 Accounts will be available for inspection at Bury Town Hall between 11<sup>th</sup> August and 5<sup>th</sup> September (during normal office hours; contact the Director of Finance and E-Government on 0161 253 5002).
- 5.6 The figures shown within the Statement of Accounts correspond with the results reported within the Corporate Revenue and Capital Outturn Reports, which were considered by the Executive on 30 July 2003, and contain details of the Council's financial performance against budget and make recommendations on the application of carry-forward requests into 2003/2004.

### 6.0 THE FORMAT OF THE ACCOUNTS

- 6.1 The Statement of Accounts is attached at Appendix A and it contains the following financial statements:-
- § An Introduction by the Executive Member for Resource
  - § An Explanatory Forward including a Summary of the Council's Financial Results
  - § The Consolidated Revenue Account
  - § The Housing Revenue Account
  - § The Collection Fund
  - § The Consolidated Balance Sheet
  - § The Statement of Total Movements in Reserves
  - § The Cash Flow Statement – to be finalised.

- 6.2 A brief explanation of the purpose of these statements is given in the Explanatory Forward, on page 10 of the Accounts.
- 6.3 The figures shown in the various Statements are presented subject to audit. It has been agreed with the External Auditor for the Cash Flow Statement to be finalised at a later date.
- 6.4 The format and contents of the Accounts are laid down in regulations and in the Code of Practice on Local Authority Accounting which we are required to follow. As a result the Authority has little or no discretion over what is shown.
- 6.5 The Council will continue to investigate ways in which the Accounts can be made more accessible to the community at large, especially through the use of plain English, summary information and through the internet. The Accounts will also be presented in the professional format adopted last year on conclusion of the audit.

## **7.0 AUDIT CONSIDERATIONS**

- 7.1 For the 2002/03 financial year there is an important development in the responsibilities of auditors in relation to any misstatements that they discover in the course of their work. Under Statement of Auditing Standard (SAS) 220, auditors plan and perform their audit to provide reasonable assurance that the financial statements are free from material misstatement.
- 7.2 However, in carrying out their work, they will also happen across other misstatements and omissions that are not material. The revised SAS610 "*Communication of Audit Matters to those Charged with Governance*" now requires auditors to report to Members **all** misstatements that have been advised to officers but not adjusted for.
- 7.3 Any misstatements will be reported at the meeting of the Audit Sub-Committee following the completion of the audit.

## **8.0 TECHNICAL CHANGES**

- 8.1 There have been 2 main technical changes that have impacted on the Accounts for 2002/03:
- 8.2 **FRS17 Retirement Benefits** – it was reported in the 2001/02 Statement of Accounts that the requirements for accounting for pension costs were undergoing substantial change over the financial years 2001/02 to 2003/04 and CIPFA have proposed that the requirement of FRS17 is to be fully incorporated into the Statement of Recommended Practice (SORP) for 2003/04 on a staged basis.
- 8.3 FRS17 requires certain disclosures to the notes of the Accounts. The disclosures required depend on the classification of the pension scheme. A requirement of FRS17 *Retirement Benefits* is that pension schemes (which can be single or multi employer) be classified as either defined contribution or defined benefit schemes. The Greater Manchester Pension Fund is a defined benefit multi user scheme; such schemes are subject to reduced disclosure requirements. The purpose of the pensions disclosures is to provide clear information on the impact of each local authority's obligation to fund the retirement benefits of its staff on its financial position and performance. Even where this obligation is discharged through a pension fund (e.g. Greater Manchester Pension Fund) the authority remains responsible for the employer's contributions set at a level to ensure the liabilities of the fund can be met.
- 8.4 For 2002/03 there is no change from the 2001/02 accounting requirements except for the addition of a memorandum note to the balance sheet disclosing the movement in the year on the net asset / liability relating to defined benefit

schemes, analysed across the different gains and losses defined by FRS17 (see Note 19 to the Consolidated Balance Sheet on page 60).

8.5 **Statement on the System of Internal Financial Control** - The 2002 Statement of Recommended Practice requires the Council to include with their statement of accounts a statement on the system of internal financial control.

8.6 This statement sets out the framework within which financial control is managed and reviewed and the main components of the system, including the arrangements for internal audit.

## **9.0 LETTER OF REPRESENTATION**

9.1 Statutory Finance Officers are now required to provide their external auditor with a Letter of Representation which is intended to provide the auditor with assurance that the Accounts have been prepared properly and professionally. The contents of the Letter are similar to the Statement of Responsibilities that is set out in the Accounts.

9.2 A copy of the Letter provided to the External Auditor by the authority's Director of Finance and E-Government is attached at Appendix B to this report and Members are asked to note the contents of the Letter.

**Councillor W Campbell**  
**Deputy Leader of the Council and Executive Member for Resource**

### ***Background documents:***

Various final accounts working papers held in the files of the Head of Financial Management .

### ***For further information on the details of this report, please contact:***

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