

# REPORT FOR DECISION

**MEETING:** **AUDIT COMMITTEE**

**DATE:** **22 JUNE 2010**

**SUBJECT:** **STATEMENT OF ACCOUNTS 2009/10**

**REPORT FROM:** **CABINET MEMBER FOR RESOURCE, HUMAN  
RESOURCE AND PERFORMANCE**

**CONTACT OFFICER:** **MIKE OWEN, DIRECTOR OF FINANCE AND E-  
GOVERNMENT**

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**TYPE OF DECISION:** **COUNCIL**

**FREEDOM OF  
INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** The report asks Members to consider and, if appropriate, approve the Authority's Statement of Accounts for the financial year ended 31 March 2010.

Members are asked to note that the Accounts have been prepared in accordance with the statutory deadline for 2009/10 (see par. 1.1).

A presentation will be made at the meeting that provides an interpretation of the accounts and will highlight the key issues that Members need to be made aware of. This will be accompanied by an Explanatory Note covering the points made in the presentation.

If approved, a copy of the pre-audited accounts will be placed on the Internet for viewing. In order to make the accounts easier to understand, a summary of the pre-audited accounts will also be available for viewing.

**OPTIONS &  
RECOMMENDED OPTION**

Members can:

- Approve the Statement of Accounts for the 2009/10 financial year in line with the provisions of the Accounts and Audit Regulations 2003 (as amended by the 2006 and 2009 Regulations); approve the financing of the Capital Programme as outlined in Note 20 to the Core Financial Statements; OR

- Request changes to the Statement of Accounts whilst meeting with the provisions of the Accounts and Audit Regulations 2003 (as amended by the 2006 and 2009 Regulations) and/or the financing of the Capital Programme outlined in Note 20 to the Core Financial Statements.

**IMPLICATIONS:**

<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?      Yes
<b>Financial Implications and Risk Considerations:</b>	See statement by DoFEG below.
<b>Statement by Director of Finance and E-Government:</b>	The Statement of Accounts reflects the Authority's financial performance during 2009/10 and helps to shape budget strategy in future years.
<b>Equality/Diversity implications:</b>	No
<b>Considered by Monitoring Officer:</b>	Yes
<b>Are there any legal implications?</b>	Yes. 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 Financial Regulations (Financial Regulation A: Financial Management: 3.8.5). 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>Staffing/ICT/Property:</b>	No specific implications
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	Scrutiny Committee (Internal)

**TRACKING/PROCESS**

**DIRECTOR: Mike Owen**

Chief Executive/ Management Board	Cabinet Member/Chair	Ward Members	Partners
Yes	Yes		
Scrutiny Committee		Committee	Council
		Audit	

## **1.0 INTRODUCTION**

- 1.1 Under the terms of the Accounts and Audit Regulations 2003 each year the Authority is required to produce, and have approved, the Statement of Accounts before 30 June following the Balance Sheet date.
- 1.2 Once the Accounts have been approved they are subject to audit by, in our case, KPMG and a final copy of the Accounts containing the auditor's certificate and opinion must then be published on or before the statutory publication date 30 September.
- 1.3 The 2009/10 Statement of Accounts has been prepared in accordance with the statutory deadline for this year.
- 1.4 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 in Our Voice and for Members' information the 2009/10 Accounts will be available for inspection at Bury Town Hall between 30<sup>th</sup> June and 29<sup>th</sup> July (during normal office hours; contact the Director of Finance and E-Government on 0161 253 5002).
- 1.5 The figures shown within the Statement of Accounts correspond with the results which will be reported within the Corporate Revenue and Capital Outturn Reports. These will be considered by the appropriate Cabinet Member in July 2010 and the Scrutiny Committee (Internal) on 31 August 2010 and will contain details of the Council's financial performance against budget and make recommendations on the application of carry-forward requests into 2010/2011 together with their impact on the use of General Fund balances.
- 1.6 Decisions will then be reported back here on 26 August 2010 when the audited Statement of Accounts is presented for approval.

## **2.0 THE FORMAT OF THE ACCOUNTS**

- 2.1 The Statement of Accounts is attached at Appendix A and it contains the following financial statements:-
  - An Introduction by the Cabinet Member for Resource, Human Resource and Performance
  - An Explanatory Foreword
  - Summary of the Council's Financial Results
  - Governance Statement
  - Core Financial Statements
    - The Income and Expenditure Account
    - Statement of the Movement on the General Fund Balance
    - Statement of Total Recognised Gains and Losses
    - Balance Sheet
    - Cash Flow Statement
  - Notes to the Core Financial Statements
  - The Housing Revenue Account
  - The Collection Fund
  - Group Accounts

- 2.2 A brief explanation of the purpose of these statements is given in the Explanatory Forward, on page 15 of the Accounts.
- 2.3 The figures shown in the various Statements are presented subject to audit.
- 2.4 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.
- 2.5 The Council has continued 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. Similar to previous years, the 2009/10 Accounts can be translated into 5 different languages if required and can be made available in Braille and large print.
- 2.6 Following ongoing consultation with members of the public during 2009/10, a quick and easy summary format of the accounts in order to make the accounts easier to understand and more informative, will continue to be provided, together with a feedback questionnaire to help make improvements to the document. These will again be placed on the Council's website and this facility will again be advertised in the local press. We will ensure that the Accounts continue to be presented in the professional format adopted last year on conclusion of the audit.
- 2.7 Attached also is an aide memoir that has been designed to help provide evidence to Members that a robust preparation and review of the accounts has been carried out. Members' comments on this are welcomed.

### **3.0 AUDIT CONSIDERATIONS**

- 3.1 For the 2009/10 financial year there is the continuation of the important development in the responsibilities of auditors in relation to any misstatements that they discover in the course of their work. Under International Standard of Auditing (UK and Ireland) (ISA (UK+I)) 330, auditors plan and perform their audit to provide reasonable assurance that the financial statements are free from material misstatement.
- 3.2 However, in carrying out their work, they will also happen across other misstatements and omissions that are not material. ISA (UK+I) 260 "*Communication of Audit Matters with those Charged with Governance*" requires auditors to report to Members **all** misstatements that have been advised to officers but not adjusted for.
- 3.3 Any misstatements will be reported at the meeting of the Audit Committee following the completion of the audit.

### **4.0 TECHNICAL CHANGES**

- 4.1 The main changes that have impacted on the Accounts for 2009/10 are:
  - **True and Fair View.** For the first time in 2009/10 the Chief Financial Officer is required to certify that the accounts present a "true and fair view" compared with the requirement of previous years to ensure the accounts "present fairly" the financial position of the Council. This change has no practical effect on the way the accounts are put together but recognises the convergence of local authority accounting requirements with UK Generally Accepted Accounting Practices. The

change is a different articulation of the same concept and is a requirement of the Accounts and Audit (Amendment) (England) Regulations 2009 – see page 41 of the Accounts.

- **Accounting for local taxes i.e. National Non-Domestic Rates and Council Tax.** Up to 2008/09 the SoRP required the Council tax income included in the Income and Expenditure Account to be the amount that under regulation was required to be transferred from the Collection Fund to the General Fund of the billing authority. From the year commencing 1 April 2009, for both billing authorities and major preceptors, the Council Tax income included in the Income and Expenditure Account for the year shall be accrued income for the year.  
The 2009 SoRP also confirms that billing authorities collect NNDR under what is in substance an agency arrangement with the Government and should be accounted for accordingly. Up to 2008/09 NNDR income was included in the authority's Income and Expenditure Account and NNDR creditors and debtors were included in the Balance Sheet. Additionally, cash collected from NNDR taxpayers was included as a cash inflow in the billing authority's Cash Flow Statement. From the year commencing 1 April 2009 no NNDR income is to be included in the Income and Expenditure Account except for the cost of collection allowance; the Balance Sheet should not include NNDR arrears, prepayments and overpayments; and in the Cash Flow Statement, Revenue Activities should only include the receipt of the costs of collection allowance and any amounts received in recovering costs of pursuing unpaid debts.  
The change of accounting policies for both Council Tax and NNDR has required prior year adjustment to the 2008/09 corresponding amounts.
- **New disclosure requirements relating to Senior Officers Remuneration.** Regulation 4 of the Accounts and Audit (Amendment No.2) (England) Regulations 2009 has introduced a new legal requirement to increase transparency and accountability in local government for reporting remuneration of senior employees. Persons whose salary is £150,000 or more must be identified by name and those 'senior officers' on £50,000 or more but less than £150,000 are listed by way of job title. For the purpose of this disclosure note 'Senior officers' are defined as the Chief Executive and his direct reports (other than admin staff) i.e. members of Management Board – see pages 69 to 71 of the Accounts.
- **5 disclosure notes have been removed** – as part of convergence to International Financial Reporting Standards notes relating to section 137 expenditure, expenditure on publicity, building control account, Business Improvement District Schemes, and Income under the Local Authorities Goods and Services Act are no longer required to be disclosed.

**Councillor Iain Gartside**

**Cabinet Member for Resource, Human Resource and Performance**

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***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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