

# REPORT FOR DECISION

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

**DATE:** **26 JUNE 2012**

**SUBJECT:** **STATEMENT OF ACCOUNTS 2011/12**

**REPORT FROM:** **ASSISTANT DIRECTOR OF RESOURCES (FINANCE & EFFICIENCY)**

**CONTACT OFFICER:** **ANDREW BALDWIN, HEAD OF FINANCIAL MANAGEMENT**

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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 provides Members with details of the Authority's Statement of Accounts for the financial year ended 31 March 2012.

Members are asked to note that the Accounts have been prepared in accordance with the statutory deadline for 2011/12 and have been signed off by the Authority's Responsible Finance Officer (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.

A copy of the pre-audited accounts will be placed on the Internet for viewing.

**OPTIONS & RECOMMENDED OPTION** Members are asked to note the Statement of Accounts for the 2011/12 financial year which have to be signed off by 30 June by the Council's Responsible Finance Officer in line with the provisions of the Accounts and Audit (England) Regulations 2011. Members of audit committee are however required to approve the audited Statement of Accounts by 30 September each year.

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**IMPLICATIONS:****Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework? Yes

**Financial Implications and Risk Considerations:**

See statement below.

**Statement by Assistant Director of Resources (Finance and Efficiency):**

The Statement of Accounts reflects the Authority's financial performance during 2011/12 and helps to shape budget strategy in future years.

**Equality/Diversity implications:**

No

**Considered by Monitoring Officer:**

Yes

**Are there any legal implications?**

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.

**Staffing/ICT/Property:**

No specific implications

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

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**TRACKING/PROCESS****DIRECTOR: Steve Kenyon**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Yes	Yes		
Scrutiny Committee		Committee	Council
Yes		Audit	

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**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 The 2011 Accounts and Audit (England) Regulations, issued by the Government on 31 March 2011, stipulated that the pre-audited accounts must be approved on or before 30 June by the Responsible Finance Officer (S151 Officer). However, the Council believes it is good practice for the draft accounts to be presented to Audit Committee in order to give members early sight of the accounts and to have the opportunity to consider them over the summer period. For Bury Council the Responsible Finance Officer is the Assistant Director of Resources (Finance and Efficiency).
- 1.3 Additionally the revised regulations stipulated that the Annual Governance Statement which used to be included as part of the Statement of Accounts is now to be published as a separate document to accompany the accounts.
- 1.4 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. The Chair of the Audit Committee will continue to be responsible for approving the final, audited Statement of Accounts.
- 1.5 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 2011/12 Accounts will be available for inspection at Bury Town Hall between 25<sup>th</sup> June and 20<sup>th</sup> July (during normal office hours; contact the Assistant Director of Resources (Finance & Efficiency) on 0161 253 6922).
- 1.6 The figures shown within the Statement of Accounts correspond with the results which will be reported within the Corporate Revenue & HRA, Capital and Treasury Management Outturn Reports. These will be considered by the Executive on 11 July 2012 and the Overview & Scrutiny Committee on 28 August 2012 and will contain details of the Council's financial performance against budget and make recommendations on the application of carry-forward requests into 2012/2013 together with their impact on the use of General Fund balances.
- 1.7 Decisions will then be reported back to Audit Committee on 23 August 2012 when the audited Statement of Accounts is presented for approval by the Chair of the Audit Committee.

## **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 Finance & Resources
- § An Explanatory Foreword
- § Summary of the Council's Financial Results
- § Statement of Responsibilities
- § Core Financial Statements
  - § Movement In Reserves Statement
  - § The Comprehensive Income and Expenditure Statement
  - § Balance Sheet
  - § Cash Flow Statement
- § Notes to the Core Financial Statements including Accounting Policies
- § 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 Foreword on page 16 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 incorporating IFRS 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 2011/12 Accounts can be translated into 5 different languages if required and can be made available in Braille and large print.
- 2.6 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 2011/12 financial year there is the continuation 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 on 23 August following the completion of the audit.

### **4.0 TECHNICAL CHANGES**

- 4.1 The main changes that have impacted on the Accounts for 2011/12 are:

**The impact of the adoption of FRS30 Heritage Assets on local authority financial statements** to be reported as a distinct class of asset separately from property, plant and equipment and from intangible assets.

New requirement to disclose the number and cost of **exit packages** which include all costs relating to compulsory and voluntary redundancy, voluntary early retirements plus voluntary severance payments. One off payment of £78.253m made to the Secretary of State in preparation for the commencement of **self-financing of the Housing Revenue Account** from 1 April, 2012. The Council took out a loan of the equivalent amount to fund the payment. All relevant transactions are shown in the accounts.

**Steve Kenyon**  
**Assistant Director (Finance & Efficiency)**

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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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