

Audit Committee 25/6/13

Chair's Introduction

Cllr Elizabeth Fitzgerald

2013/14 Objectives

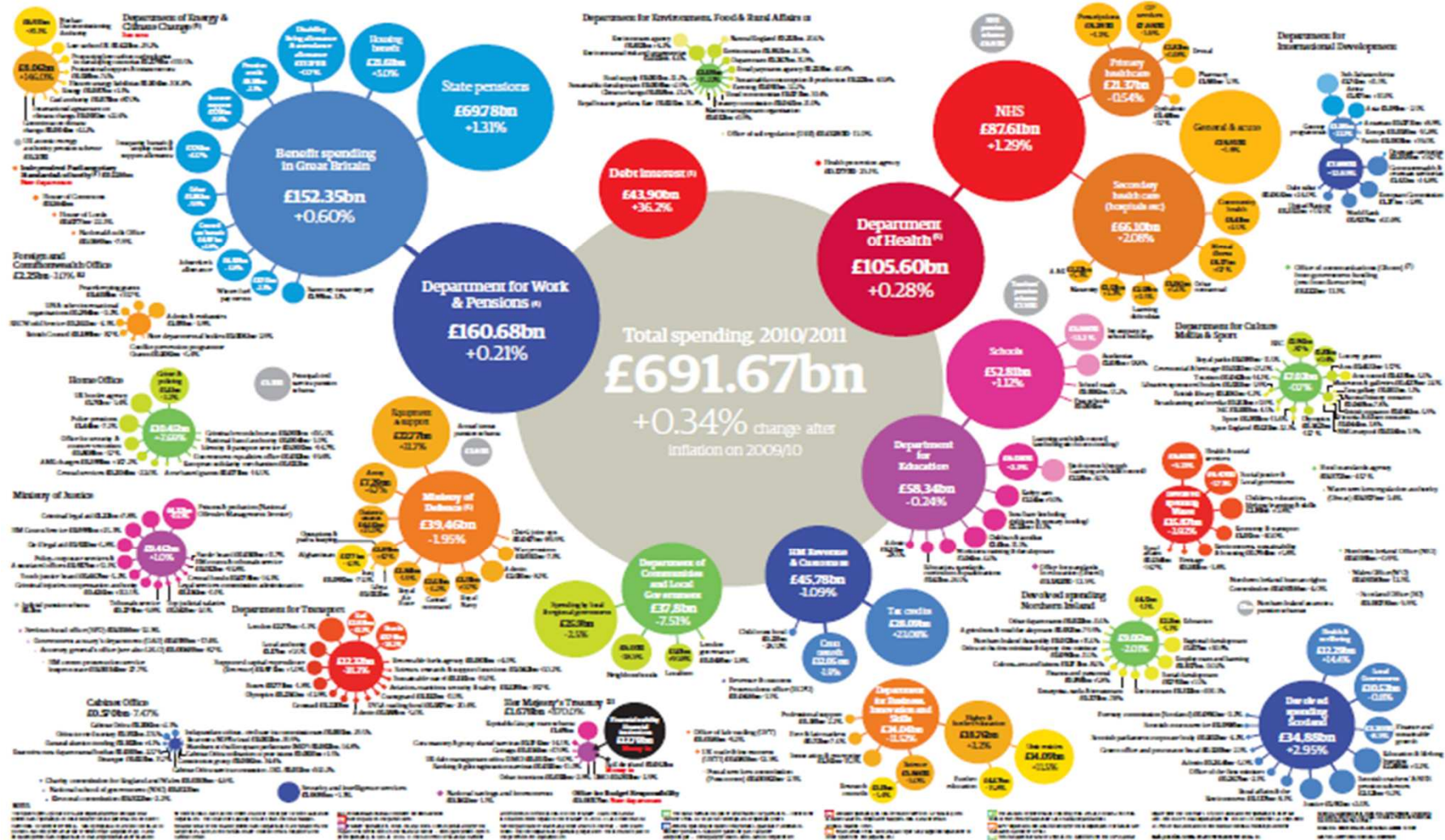
- Fulfilment of our Statutory Requirements
- Focus on 'Value for Money'
- Improve the Committee's Understanding through clearer analysis
- Identify & Review areas of Increased Risk

2013/14 Work Programme

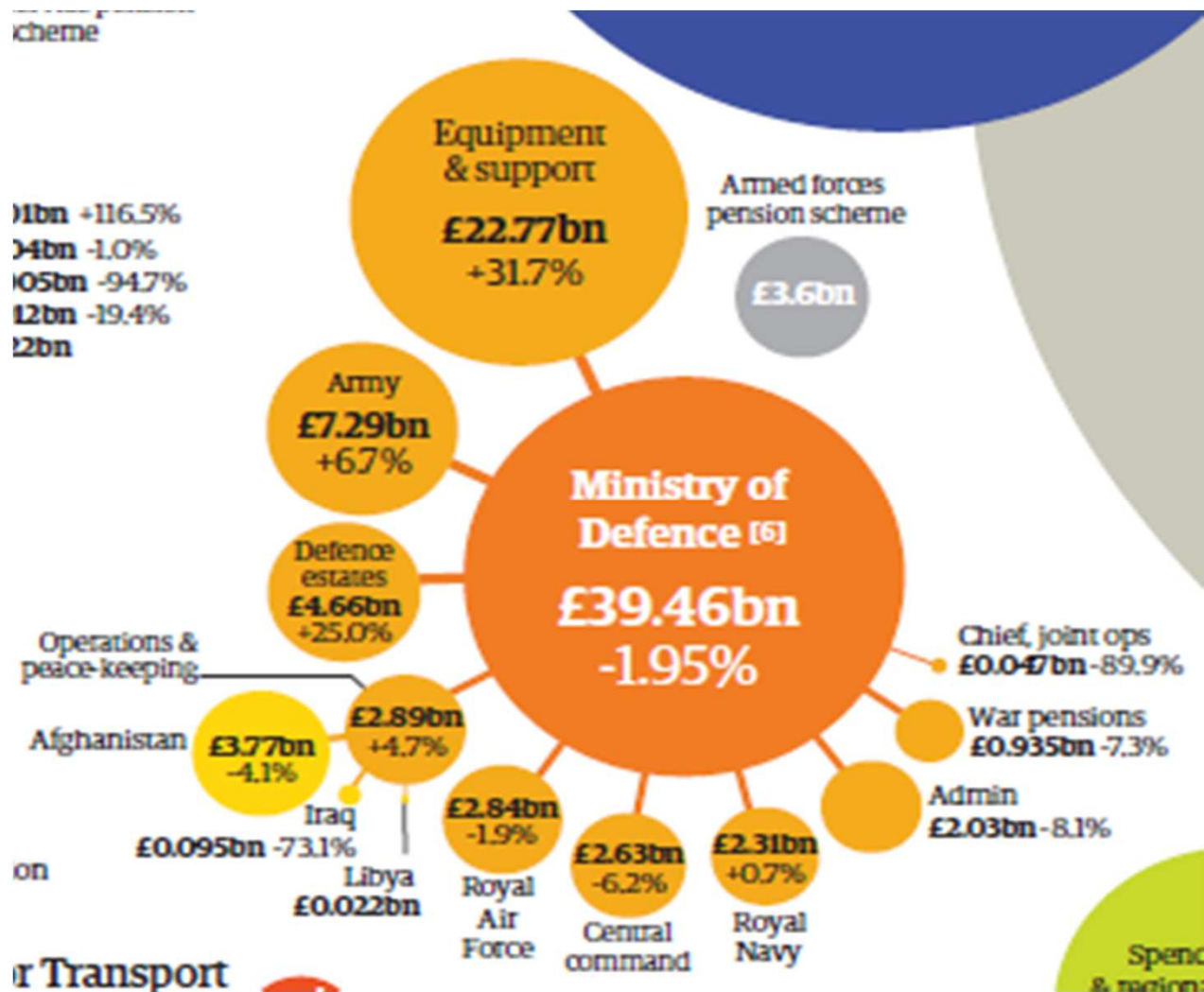
- Presentation of Accounts (June)
- Statement of Accounts Training Session (July)
- Procurement / Contract Management (August)
 - Process & Biggest Contracts
- Approval of Audited Accounts (August)
- Spend Analysis (December)
 - Council Processes and how much is spent
 - Benchmarking our Service Costs
 - Innovative Ways of reviewing this to agree focus areas

Spend Analysis - Example

Public spending by the UK's central government departments, 2010-2011



Spend Analysis - Example



Audit Committee 25th June 2013

STATEMENT OF ACCOUNTS

2012/13



Steve Kenyon

Assistant Director of Resources (Finance & Efficiency)

Summary

- The draft Accounts summarise the Council's financial performance for the year ended 31st March 2013 and show "net worth" in respect of assets and liabilities
- The Accounts are a key element of accountability and governance
- They contain a number of key financial statements and outline key responsibilities, policies, and (ultimately) the audit opinion
- The purpose of each statement is set out on pages 16 – 17 of the statement

Approval Process

- Draft Accounts must to be approved by Council's s151 Officer no later than 30th June 2013 (previously this rested with Audit Committee)
- Accounts will be placed on website after this meeting
- Accounts are available for inspection by members of the public between 24th June & 19th July
- External Audit work takes place July / August (interim work has already taken place)
- Approval of audited accounts by Audit Committee 22nd August 2013.
- Outturn reports to the Cabinet and Scrutiny, in July / August
- This is 1 month ahead of Statutory deadline (30th September); in line with World Class Financial Management Standards

“The Bottom Line”

- The authority underspent it's revenue budget by **£0.093m** (0.06%) in 2012/13.
- Overspending in Children's Services (**+£198k**) - mainly on demand driven social care.
- Overspending (under-recovery) in Chief Executives (**+£603k**) primarily Property Services in light of current economic conditions.
- Minor variances in respect of Environment & Development Services (**-£46k**) and Adult Care Services (**+£104k**)
- Underspending (**-£952k**) on 'cost of borrowing' due to effective treasury management activities and various initiatives e.g. Townside Developments
- The outturn report will outline to what extent these variances are “one-off” or “on-going” to plan for future years
- This leaves the Authority with useable reserves of £4.8m (excluding schools) over & above the risk assessed Minimum Level of Balances; BUT “Golden Rules” apply.
- Members also need to be mindful of the financial challenges ahead.

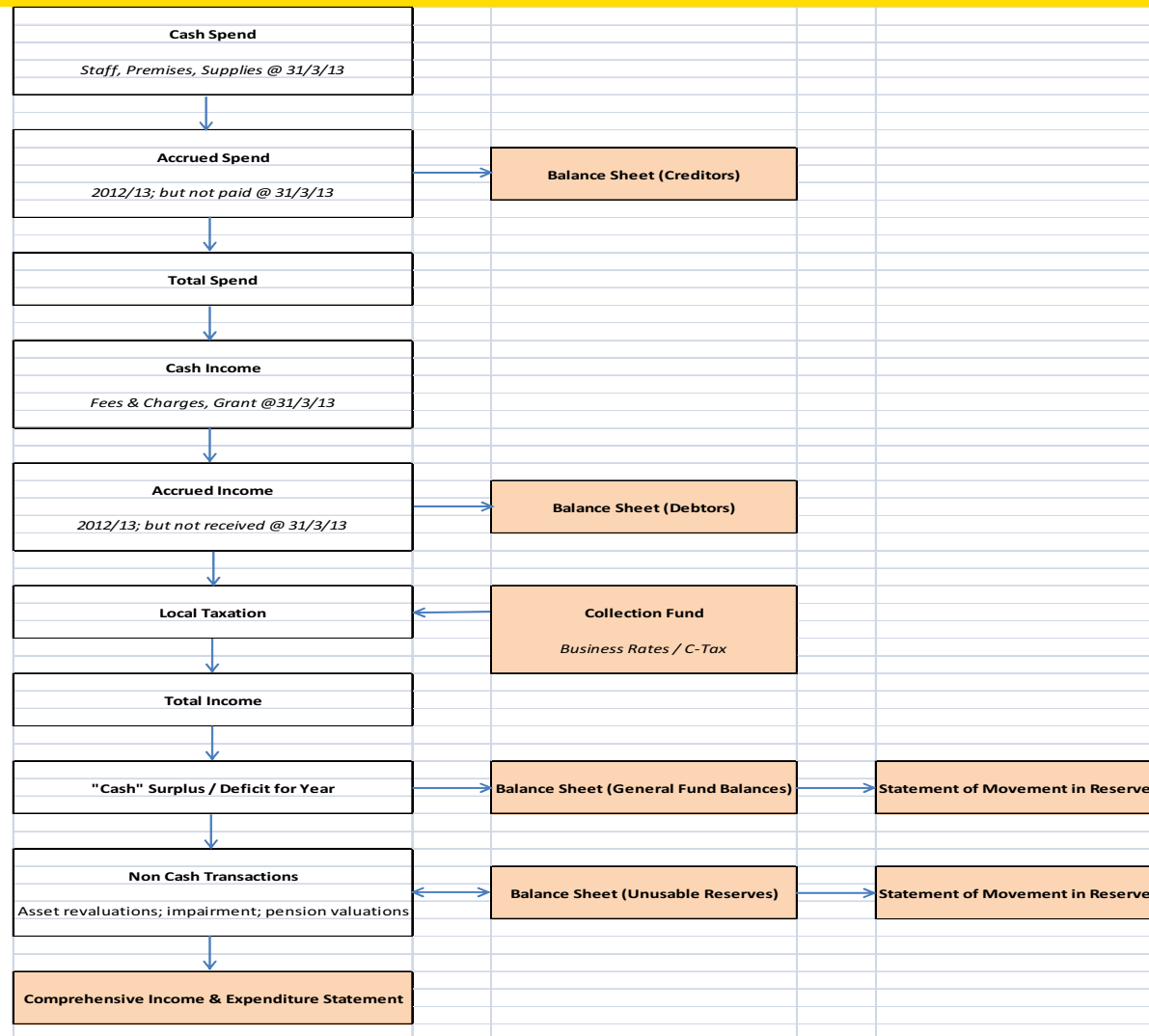
Comprehensive Income & Expenditure Statement

- A statement that summarises all of the resources that the Council has generated, consumed or set aside in providing all of its functions during the year
- Notes provide detailed analysis of key results such as performance of trading services, audit costs etc
- The Statement records the “accounting cost” of providing services, rather than the “cash” amount of funding required through Council Tax / Grants.
- “Accounting Costs” include; gains and losses on disposal of assets, the impact of impairment, the cost of future retirement benefits, cost of consuming fixed assets.

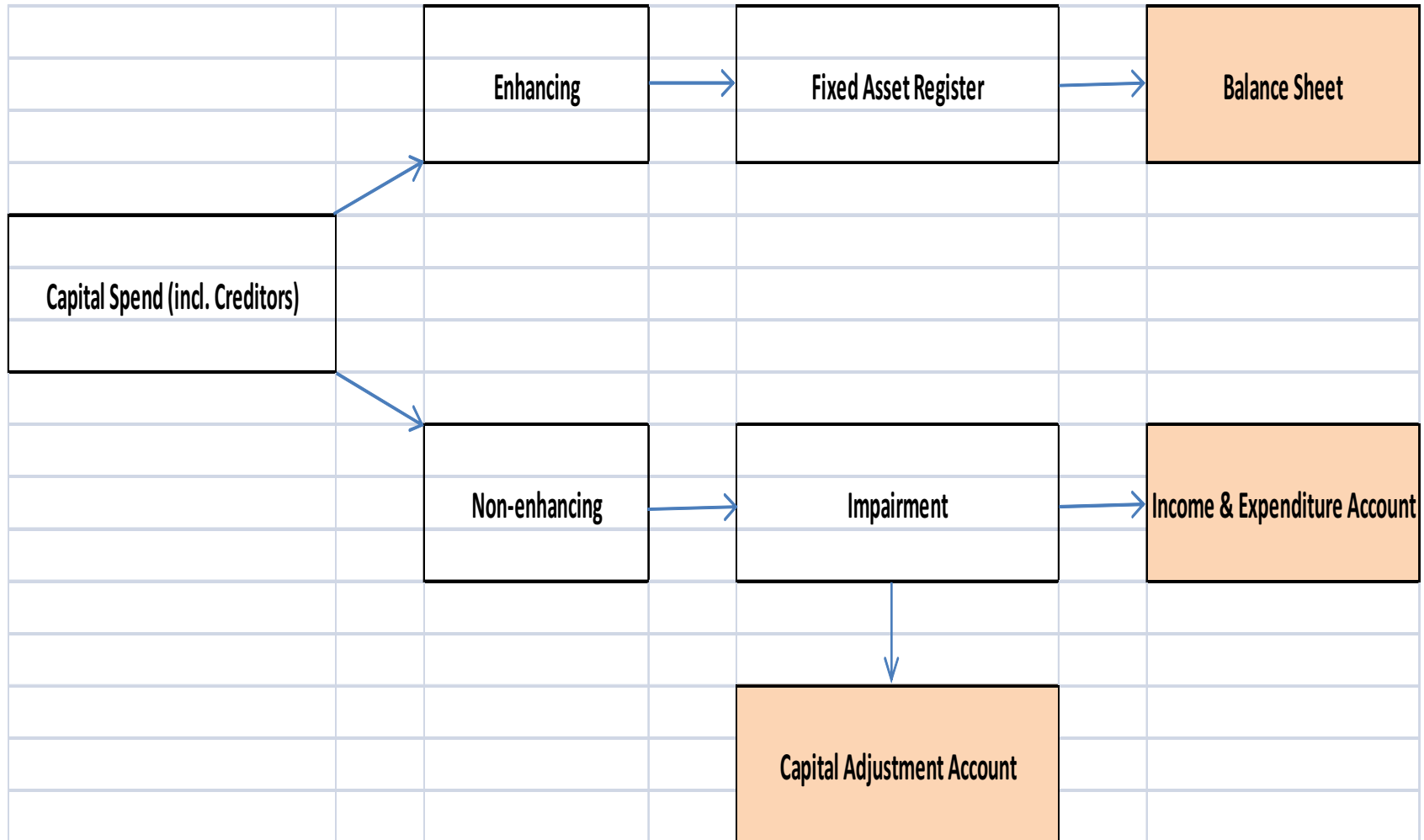
Comprehensive Income & Expenditure Statement

- The Account shows that there was a surplus for the year of £3.196m in “accounting” terms.
- From a “cash” perspective, the Council spent £140.172m against its budget of £140.265m = underspend of £0.093m (see page 18)
- Segment reporting (page 70) outlines how we get from £140.172 “cash” figure to the £3.196m “accounting” figure in the CIES.

Income & Expenditure Account



Capital Expenditure



Housing Revenue Account

- This sets out income (primarily rents) and expenditure (management & maintenance) in respect of the Council's housing stock
- This is a "ring-fenced" account, now operating on a "self financing" basis through a 30 year Business Plan.
- There was an operating deficit of £0.167m for the year.
- The HRA working balance going forward is £1.2m (risk assessed minimum balances apply)
- A total of £7.156m was invested in our housing stock
- Our housing stock (8,265 properties) is valued at £205m

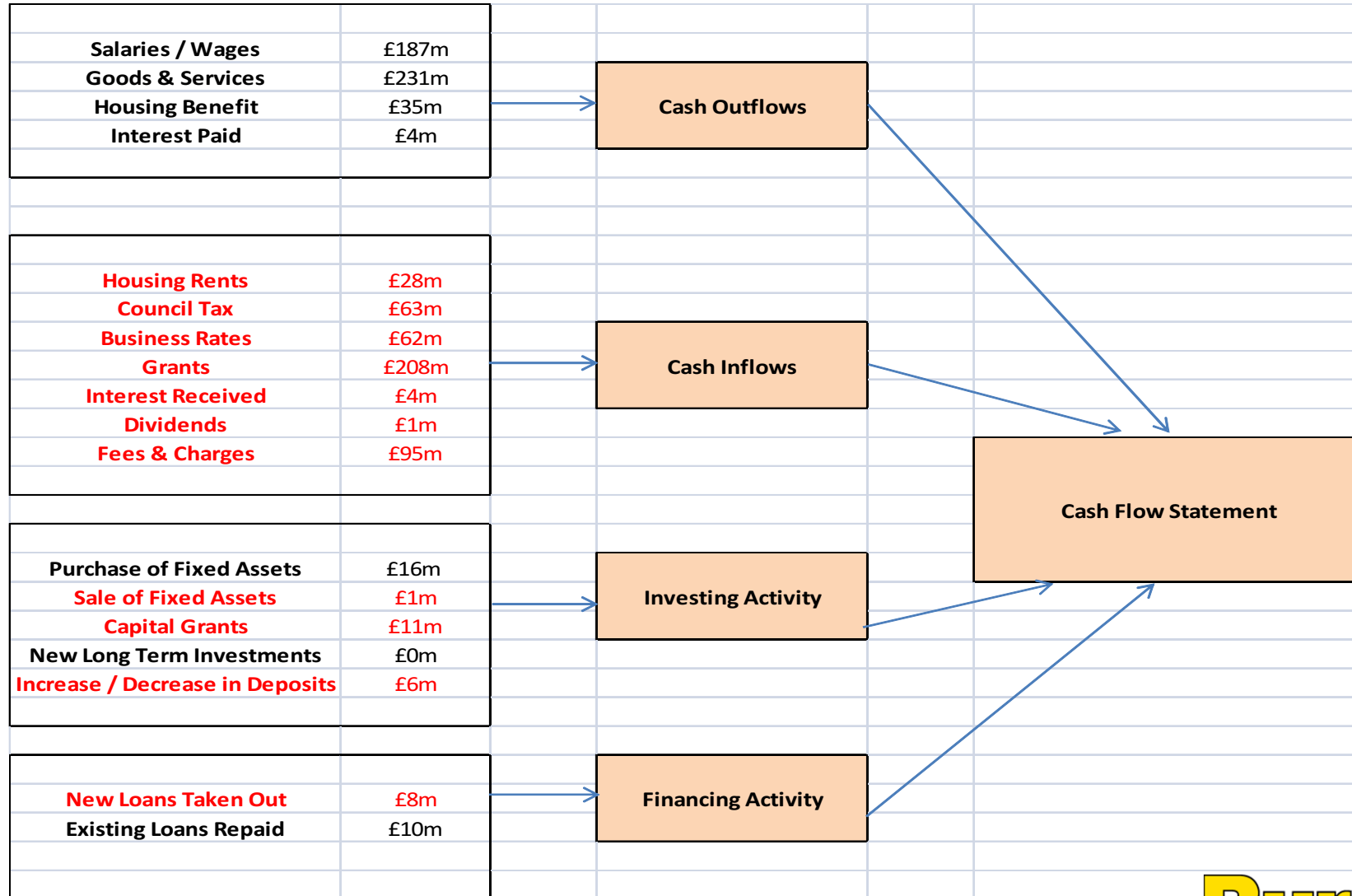
The Balance Sheet

- We have one balance sheet (consolidated) covering all the Council's services, showing assets and liabilities as at 31st March 2013 (including schools and housing)
- Various categories – Property, Plant & Equipment (fixed assets), long term investments, long term debtors, current assets and liabilities, long term liabilities, reserves and balances
- Notes provide greater information behind the figures on the face of the Balance Sheet
- Net assets were valued at £288m, compared to £305m in March 2012, a reduction of £16m – primarily revaluation of fixed assets.

Balance Sheet

Fixed Assets <i>Property, Plant & Equipment</i>	£678m			Usable "Cash" Reserves <i>General Fund, Schools, Grants, & Earmarked</i>	£72m
Long Term Investments <i>Shares / Subsidiary Companies</i>	£43m			Unusable "Accounting" Reserves <i>Incl. asset revaluations, pensions</i>	£216m
Long Term Debtors <i>Loans - amounts owed to Bury</i>	£11m				
Current Assets <i>Cash, stock & debtors</i>	£59m				
Current Liabilities <i>Bank, Creditors,</i>	-£42m				
Long Term Liabilities <i>Long Term Borrowing, Pensions</i>	-£461m				
	£288m				£288m

Cash Flow Statement



Other Statements

- **Movement in Reserves Statement** (page 27) – outlines all reserves, and movements during the year
- **Group Accounts** (page 116) – “Bury PLC” – Council, Six Town Housing, Townside Fields
- **Statement of responsibilities** (page 23) – sets out s151 officer’s statutory responsibilities
- **Summary of Accounts** – less technical version; suitable for most Stakeholders.

What next ?

- We have chosen to present these statements to Members early to allow due consideration
- Members please “note” the accounts tonight
- A training session will be arranged for July / August
- Any questions can be directed to;
s.kenyon@bury.gov.uk
- Audit takes place July / August
- Members formally approve audited accounts 22nd August 2013