

FINANCE ADVISORY GROUP - 27 JULY 2011

DRAFT STATEMENT OF ACCOUNTS 2010/11

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Head of Finance and HR - Tricia Marshall

Recommendation: That the Draft Statutory Statement of Accounts attached as an Appendix the report be noted.

Background

- 1 In previous years it was a requirement of The Accounts and Audit Regulations 2003 that Members approve the Draft Statutory Statement of Accounts by 30 June following the financial year end and that the Audited Statutory Statement of Accounts be approved by Members by 30 September.
- 2 From 2010/11 these requirements have changed and now only the Audited Statutory Statement of Accounts have to be approved by Members by 30 September. Therefore this report is for information only.
- 3 The accounts are unaudited but certified by the Deputy Chief Executive & Director of Corporate Resources as the Responsible Financial Officer (RFO) on 30 June 2011 as required under the regulations.
- 4 The Council's external auditors started their work on the accounts on 27 June. Following the audit of the accounts, the auditors will report back on "non-trifling" errors in the accounts to the Performance and Governance Committee at its meeting on 27 September. At the same time details of any amendments to the draft statements agreed with the auditors will be reported.

Commentary

Comparison with the Provisional Outturn report

- 5 The changes between the Provisional Outturn Report and the outturn position in the Statement of Accounts are:

	£000
Provisional Outturn Report: favourable outturn position	(527)
Carry-forward requests rejected by Cabinet	(51)
Minor adjustments	(12)
Statement of Accounts: Favourable outturn position	(590)

- 6 The favourable outturn position amount has been transferred to the earmarked Budget Stabilisation Reserve as approved by Cabinet on 13th December 2010.
- 7 The main variances on revenue expenditure are set out in the Explanatory Foreword.

Changes to the preparation of the Statements

- 8 For the first time this Statement of Accounts, in common with those for all other local authorities, is compiled in line with International Financial Reporting Standards (IFRS). This brings local authority accounting in line with the rest of the public sector, which adopted IFRS in its published accounts from 2009/10. IFRS requires entities to re-state the previous financial year's results in line with IFRS, as if they had always produced their accounts under IFRS. The Balance Sheet as at 1 April 2009 and 31 March 2010 together with the Comprehensive Income and Expenditure Statement for 2009/10 have therefore been re-stated.
- 9 The Finance Advisory Group has been presented with reports updating them on these accounting changes on 25 March 2009, 20 January 2010 and 23 March 2011.

Risk Assessment Statement

- 10 The system of internal control within the Council, including regular budget monitoring and internal audit reviews, reduces the risk of errors in the Statements. The Council's external auditors commented favourably on the Council's processes for the production of its Accounting Statements last year, which provides the Committee with further assurance.
- 11 The significant changes to the format of the Statements increase the risk of errors but this risk has been mitigated through training of relevant staff and

discussions with the external auditors and other authorities to build up a good understanding of the new requirements. Some risk of error remains as the external auditors will not give a definite view on the Council's approach to the new reporting requirements until their external audit is completed.

- 12 Referring the Statement of Accounts to FAG for more detailed scrutiny should provide the Performance and Governance Committee with further assurance about the accuracy of the Statements.

Sources of Information: Final Accounts working papers 2010/11

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