

22 September 2022 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks



## Audit Committee

At the above stated meeting the attached presentation was shown for the following item:

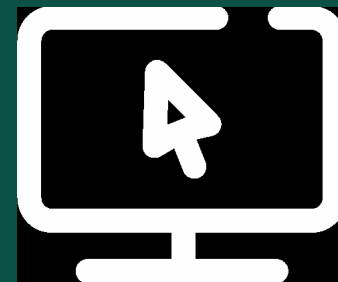
	Pages	Contact
5. <b>Audit Committee Member Development - Understanding Local Government Accounts</b>	(Pages 1 - 14)	Alan Mitchell Tel: 01732 227483

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or [democratic.services@sevenoaks.gov.uk](mailto:democratic.services@sevenoaks.gov.uk).

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# Understanding Local Government Accounts



# Introduction

What are the local government accounts

External audit

Audit committee

# What are Local Government Accounts

The Financial Statements are:

A detailed report on the of Financial activities & position of the local authority

They cover 12 months, April to March

Comprise of 5 Sections

# What are Local Government Accounts

Within the accounts:

4 core statements

39 disclosure notes

Collection Fund, glossary of terms, annual governance statement

# What are Local Government Accounts

Comprehensive  
Income &  
Expenditure  
Statement  
Single table showing  
both years

Gross Exp. £'000	Gross Income £'000	Net Exp £'000	Note	SDC			Group	
				Gross Exp £'000	Gross Income £'000	Net Exp £'000	Net Exp £'000	
6,056	(2,941)	3,115		8,729	(4,885)	3,844	3,856	
29,739	(27,372)	2,367		26,659	(24,451)	2,208	2,221	
11,048	(4,859)	6,189		23,566	(5,405)	18,161	18,113	
8,700	(3,521)	5,179		10,320	(3,368)	6,952	6,952	
<b>55,543</b>	<b>(38,693)</b>	<b>16,850</b>		<b>69,274</b>	<b>(38,109)</b>	<b>31,165</b>	<b>31,142</b>	
	(656)		24					
	(209)					(1,227)	(1,227)	
	4,227		25			4,415	4,415	
	<u>1</u>					-	-	
	<u>3,363</u>					<u>3,188</u>	<u>3,188</u>	
	(157)					(370)	1,355	
	-					-	-	
	(1,000)		11			(1,591)	(1,591)	
	138					135	135	
	2,289		35			2,059	2,059	
	<u>(229)</u>					<u>(283)</u>	<u>(178)</u>	
	<u>941</u>					<u>(50)</u>	<u>1,780</u>	
	(2,415)		29			(1,121)	(1,121)	
	(14,713)					(15,415)	(15,415)	
	(3,498)					(1,636)	(1,636)	
	(2,932)		29			(2,827)	(2,827)	
	<u>(23,558)</u>					<u>(20,999)</u>	<u>(20,999)</u>	
	(2,404)					13,304	15,111	
						-	-	
	(1,965)		20			(1,331)	(1,331)	
	(6,731)		35			(24,328)	(24,328)	
	<u>(8,696)</u>					<u>(25,659)</u>	<u>(25,659)</u>	
	<u>(11,100)</u>					<u>(12,355)</u>	<u>(10,548)</u>	

# What are Local Government Accounts

Movement in Statement of Reserves (MIRS)

1 table for current year

1 table for previous year

Financial Year									
	General Fund Balance	Earmark'd Reserves Balance	Total General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Group
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March	(1,500)	(19,373)	(20,873)	(3,627)	(558)	(25,056)	38,316	13,257	13,625
Movement in reserves during									
(Surplus) or deficit on the provision of services	13,304	-	13,304	-	-	13,304	-	13,304	15,111
Other Comprehensive Income and Expenditure	-	-	-	-	(1)	(1)	(25,658)	(25,659)	(25,659)
Total Comprehensive Income and Expenditure	13,304	-	13,304	-	(1)	13,304	(25,658)	(12,355)	(10,548)
Adjustments between accounting basis & funding basis under regulations (note 8)	(12,942)	-	(12,942)	584	(1,180)	(13,538)	13,538	-	-
Net (Increase)/ Decrease before Transfers to Earmarked reserves	361	-	361	584	(1,181)	(235)	(12,120)	(12,355)	(10,548)
Year end balance transferred (to)/from Budget Stabilisation Reserve	52	(52)	-	-	-	-	-	-	-
Other transfers to/from Earmarked Reserves	(413)	413	-	-	-	-	-	-	-
Total transfers (to)/from Earmarked Reserves (Note 9)	(361)	361	-	-	-	-	-	-	-
(Increase)/ Decrease in Balance at 31 March	-	361	361	584	(1,181)	(235)	(12,120)	(12,355)	(10,548)
Balance at 31 March	(1,500)	(19,011)	(20,511)	(3,043)	(1,739)	(25,293)	26,195	902	3,077



# What are Local Government Accounts

Balance sheet

Snapshot as at 31

March

Single table for both  
years

(559)	MIRS	Usable Reserves		
(19,373)	9	Usable Capital Receipts Reserve	(1,739)	(1,739)
-		Earmarked Reserves	(19,011)	(19,011)
(3,627)	MIRS	Profit and Loss Reserve		2,175
(1,500)	MIRS	Capital Grants Unapplied	(3,043)	(3,043)
(25,059)		General Fund	(1,500)	(1,500)
		Subtotal Usable Reserves	(25,293)	(23,118)
		Unusable Reserves		
(30,058)	20	Capital Adjustment Account	(20,709)	(20,709)
(18,812)	20	Revaluation Reserve	(19,825)	(19,825)
152	20	Accumulated Absences Act.	152	152
(382)	20	Collection Fund Adj. Account	(312)	(312)
87,574	20 & 35	Pensions Reserve	67,037	67,037
(158)	20	Deferred Capital Receipts	(148)	(148)
38,316		Subtotal Unusable Reserves	26,195	26,195
		Total Reserves	902	3,077

# What are Local Government Accounts

## Balance sheet

### Note 10

	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Operational Property Surplus £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Movements in Cost or Valuation						
At 1 April	23,603	5,323	211	1,164	14,703	45,003
Additions	5	582	-	-	4,721	5,308
Revaluation increases/ (decreases) recognised in:						
- Revaluation Reserve	1,162	-	-	(119)	-	1,043
- Surplus or Deficit	(10,959)	-	-	-	-	(10,959)
Derecognition - Disposals	-	(667)	-	-	-	(667)
Derecognition - Other	11,327	-	-	-	-	11,327
Reclassifications in PPE	-	-	-	-	-	-
Reclassifications other	-	-	-	-	(11,327)	(11,327)
At 31 March	25,138	5,238	211	1,045	8,097	39,728
Accumulated Depreciation and Impairment						
At 1 April	(517)	(3,653)	-	-	-	(4,170)
Depreciation Charge	(195)	(591)	-	-	-	(786)
Depreciation written out to the - Revaluation Reserve	1,888	-	-	-	-	1,888
- Surplus or Deficit on the provision of services	-	-	-	-	-	-
Derecognition - Disposals	-	657	-	-	-	657
Derecognition - Other	-	-	-	-	(1,599)	(1,599)
Reclassifications	-	-	-	-	-	-
At 31 March	1,176	(3,587)	-	-	(1,599)	(4,010)
Net Book Value As at 31 March	26,314	1,651	211	1,045	6,498	35,719

# What are Local Government Accounts

Cashflow  
Statement  
Single table  
for both years

SDC			SDC	Group
£'000	Note		£'000	£'000
(2,404)		Net (surplus) or deficit on the provision of services	13,304	15,111
1,207	21	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(15,708)	(22,493)
1,848	21	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	3,235	3,130
651		Net cash flows from operating activities	831	(4,252)
4,371	22	Investing Activities	(3,563)	1,521
(350)	23	Financing Activities	698	698
4,672		Net (increase) or decrease in cash and cash equivalents	(2,033)	(2,033)
(7,445)		Cash and cash equivalents at the beginning of the reporting period	(2,773)	(2,773)
(2,773)	15	Cash and Cash Equivalents at the end of the reporting period	(4,806)	(4,806)

# What are Local Government Accounts

March Outturn position

Note 1: EFA

	Y-T-D	
	Actual	
	£'000	
<i>Draft outturn position March (Period 202012)</i>		
People & Places	1,806	
Customer & Resources	3,410	
Finance & Trading	8,669	
Planning & Regulatory Services	1,764	
	<b>15,648</b>	

The diagram illustrates a flow from the total value of 15,648 in the table to a black square containing a red circle. A green arrow points from this square to another black square containing a green arrow pointing back to it, with a red circle positioned between the two squares.

# External Audit

The role of external auditors

To provide an opinion on the financial statements.

Value for Money opinion

governance and internal control systems are sound

committee

# The audit committee

In relation to the accounts

Must satisfy themselves that they understand the accounts.

The member working group

Raise questions for officers and auditors

Chairman on behalf of the committee signs the balance sheet

Any questions?

