
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – FINAL ACCOUNTS)	AGENDA ITEM: 9
DATE OF MEETING:	29th JUNE 2010	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/final accounts 0910/statement summary report 0910
SUBJECT:	ANNUAL STATEMENT OF ACCOUNTS 2009/10	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the Council's Draft Statement of Accounts including the Annual Governance Statement for the year ended 31 March 2010 (subject to Audit) are considered and be approved for Audit.
- 1.2 That the Committee authorises the Chairman of the Committee to sign the accounts in accordance with the Accounts and Audit Regulations 2003.
- 1.3 That the Committee authorises the Leader of the Council and the Chief Executive Officer to sign the Annual Governance statement.

2.0 Purpose of Report

- 2.1 To submit the Council's draft annual accounts and financial statements (subject to Audit) for 2009/10. This is in accordance with provisions made in the Accounts and Audit Regulations 2003.

3.0 Detail

Statutory Requirements

- 3.1 The Account and Audit Regulations 2003, stipulate that the Council's draft annual accounts must be considered and approved by an appropriate committee and this must take place by 30th June each year.
- 3.2 The Regulations also require the Chairman of the relevant committee to sign the draft accounts. This indicates that Members have had an opportunity to scrutinise and consider the accounts in accordance with the regulations prior to Audit.

- 3.3 It does not indicate that they necessarily show a “true and fair view.” This is the remit of the Auditor, although the accounts and financial statements presented are considered to be fully compliant with all necessary accounting regulations and codes of practice.

Production of the Final Accounts

- 3.4 To ensure that the accounts are produced in a timely and proper manner, a formal plan of work is laid out and agreed with the Council’s Auditor. This plan is communicated to senior management and to staff across the Authority.
- 3.5 The plan is monitored throughout the final accounts process by the Head of Finance. He ensures that adequate resources and support are directed to the plan to ensure that the Council’s accounts are drawn up and reported on time and in the proper manner.
- 3.6 This includes an assessment of the main risks associated with the production process. These are reviewed on a regular basis in accordance with the Council’s risk management arrangements.

The Council’s Draft Accounts and Financial Statements

- 3.7 A copy of the Council’s Draft Statement of Accounts for the year ended 31 March 2010 is attached to this report. The first part of the Accounts explain how they are set out and provide some background, an overview of the Council’s financial standing, major events affecting the accounts and future issues.
- 3.8 This Explanatory Foreword explains the more significant features in the accounts based on the information contained in the statements that follow. This is intended to give interested parties clearer information about the Council’s finances and covers:
- What did services cost in the year of account?
 - Where did the money come from?
 - Amounts held in Reserves and Balances
- 3.9 Generally, the various statements that follow are technical in nature to meet regulations and best professional practice.

The Statement of Recommended Practice (the SORP) 2009

- 3.10 The accounts have been prepared and are presented in accordance with the SORP. This specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents fairly the financial position and transactions of a local authority.
- 3.11 The SORP is effectively given a legal basis under provisions laid down in the Local Government Act 2003. It provides the interpretations of accounting standards applicable to local authorities as laid down by the Accounting Standards Board for England.

- 3.12 The SORP is reviewed and updated each year in response to developments and changes in accounting practice. The 2009 SORP has followed recent years and introduced various changes compared to 2008.
- 3.13 These changes are part of an-going programme to bring local authority accounts in line with other parts of the public sector and to meet international financial reporting standards (IFRS).
- 3.14 Further changes are being proposed in 2010 in order that by 2010/11, all local authority accounts will be fully IFRS compliant. The Audit Committee considered an overview of this and the Council's progress on 16th June 2010. As part of its terms of reference, the Audit Committee agreed to monitor progress during the year leading upto full implementation.

SORP Compliant

- 3.15 The accounts and financial statements presented to the Committee have incorporated all changes that apply to the Council's accounts and are considered to be in accordance with the SORP.
- 3.16 There were 16 major changes introduced in 2009 compared to 2008; five applied to the Council and these are out below.

Accounting for Council Tax

- 3.17 Previously, all debtors for Council Tax at the year-end were included in the Balance Sheet of the billing authority, i.e. the District Council. Although a majority of the debtors relate to other preceptors (mainly the County Council), no recognition of this has previously been reflected in their accounts.
- 3.18 The 2009 SORP clearly defines the billing authority as an "agent" for the major preceptors. Consequently, there is now a requirement to include appropriate shares of Council Tax debtors in the billing authorities' and major preceptors' Balance Sheets.

Accounting for other Types of Local Taxation

- 3.19 Similar to Council Tax, previous practice had been to carry National Non-domestic Rate (NNDR) debtors only on billing authorities' Balance Sheets. As NNDR is set and income pooled nationally, the billing authority is also acting as an "agent" for in this case, the Government.
- 3.20 Cash collected form NNDR taxpayers belongs to the Government and the amount not physically paid by the billing authority at the year-end, is now recognised as a creditor in their Balance Sheet. Conversely, if actual cash paid over exceeds that collected from taxpayers, the excess is included as a debtor.

Long-term Financial (or Deferred) Liabilities

- 3.21 This amendment requires that the portion of long-term financial liabilities due to be settled within 12 months after the Balance Sheet date, be presented in

current liabilities. Specifically for the Council, this changes the reporting of the debt outstanding on assets transferred from the former South East Derbyshire District Council, together with the outstanding liabilities in respect of deferred purchase (covenant) agreements.

Disclosure Notes

- 3.22 Five former disclosures have been removed; these relate to Section 137 expenditure, expenditure on publicity, a separate building control account, Business Improvement District Schemes (not relevant to this Council) and income under the Local Authorities Goods and Services Act.
- 3.23 None of these disclosures are now required by accounting standards or legislation, although authorities can choose to voluntarily disclose notes if considered appropriate. These disclosures have been omitted from the Council's accounts in agreement with the Council's External Auditor.

Officers Remuneration

- 3.24 This disclosure has changed to provide more detail. Previously, the disclosure note to the accounts specified the number of employees whose remuneration (excluding pension contributions) exceeded £50,000 in the year of account. Numbers were totalled in bands of £10,000 between £50,000 and £100,000, with £100,000 + being the final banding.
- 3.25 New requirements have been introduced to provide greater transparency and accountability to local taxpayers in respect of the total remuneration package for senior employees who fall within at least one of the following categories:
- Statutory Officers defined in the Local Government and Housing Act 1989, i.e. Head of Paid Service, Monitoring Officer and Chief Finance Officer.
 - Anyone who performs a senior role with responsibility for the management of the relevant body to the extent that the person has the power to direct or control the major activities of the body (in particular activities involving the expenditure of money) whether solely or collectively with other persons.
- 3.26 Given these definitions, disclosures have been made for the Council's Corporate Management Team and the Head of Legal and Democratic Services in their role as Monitoring Officer.
- 3.27 The disclosure requires that where the salary of the relevant officer exceeds £50,000, their total remuneration for the year of account, including bonuses and expenses, etc. are specified by post (not individual name). Any officer whose total remuneration exceeds £150,000 in the year of account, then the disclosure also requires the name of the post holder.
- 3.28 In addition to total remuneration, the disclosure also shows the pension contributions made by the Council in respect of each post.

Annual Governance Statement (AGS)

- 3.29 The AGS acts as a public assurance statement that the Council has a sound system of corporate governance, designed to help deliver services in a proper, inclusive, open and accountable manner. The AGS is the formal statement that recognises, records and publishes an authority's arrangements for doing this and it is a statutory requirement.
- 3.30 The AGS has to be formally published within the Council's accounts after it has been considered and recommended for approval by the Audit Committee.
- 3.31 The Audit sub-Committee did this on 16th June 2010 and recommended that Finance and Management Committee approve the AGS for inclusion in the draft accounts and for it to be signed by the Leader of the Council and the Chief Executive Officer – again this is a statutory requirement.
- 3.32 The AGS is detailed on pages 82 to 97 of the accounts.

The Annual Report

- 3.33 In an effort to improve the presentation and understanding of financial information, summary (and less technical) information from the draft accounts, will be included in the Council's Annual Report.
- 3.34 The Council will consider the draft Annual Report on 8th July 2010.

External Audit

- 3.35 The accounts are still subject to Audit. Grant Thornton (as the Council's appointed auditors) is scheduled to commence their audit of the accounts in August 2010 and is required to issue their opinion by 30th September 2010. They will submit their report and opinion to the Audit Committee on 29th September.
- 3.36 During this period, members of the public have the opportunity to ask and speak to the Auditor about aspects of the Council's accounts and finances. Certain days are set-aside for this.
- 3.37 In addition, the Council's Chief Finance Officer is required to provide a "Letter of Representation" to the auditors. This confirms that there are no significant events that have occurred after the end of the accounting period that will materially affect the Accounts for 2009/10. This letter will be provided to the auditors at the conclusion of their work.
- 3.38 When the Auditor has issued their opinion, the main accounts and financial statements will be formally advertised and published.

Major Events

- 3.39 It is likely that some disclosures in these draft accounts will change as circumstances develop in the interim period to September 2010. Although

actual financial figures should not be affected, there are on-going events, which will affect the Council's financial standing in subsequent years.

3.40 Attention is drawn to these to provide the reader of the accounts with a full and updated understanding of more significant events affecting the Council's financial position. Specifically, these relate to:

- The Corporate Services Partnering Project
- The relocation of the Council's Depot and associated land swap

3.41 These events are disclosed in the Overview on Page 13 of the accounts.

4.0 Financial Implications

4.1 None directly.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Implications

6.1 The production of the Council's statutory annual accounts and financial statements is an important part of stewardship and accountability for public resources.

6.2 Basically, it gives electors, those subject to locally levied taxes and charges, members of the Authority, employees and other interested parties detailed and clear information about the Council's accounts and finances.

7.0 Background Papers

- Statement of Recommended Accounting Practice (the SORP) 2009 and associated guidance notes.
- Accounts and Audit Regulations together with associated guidance notes.