
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – FINAL ACCOUNTS)	AGENDA ITEM: 9
DATE OF MEETING:	25th JUNE 2009	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/final accounts 0809/statement summary report 0809
SUBJECT:	ANNUAL STATEMENT OF ACCOUNTS 2008/09	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 2009 (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 2008/09. 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 2009 is attached to this report. The first part of the Accounts explain how they are set out and provide some background and overview of the Council’s financial standing.
- 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?
 - What was the value of assets and liabilities at the year end?

- 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) 2008

- 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 2008 SORP has followed recent years and introduced some substantive changes compared to 2007/08.
- 3.13 This is in accordance with a move for local authority accounts to be more 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 2009 and 2010 in order that by 2010/11, all local authority accounts will be fully IFRS compliant. This is presenting issues for many local authorities regarding accounting for assets, major capital schemes, pensions, investments, together with loans and other debt financing in particular.

SORP Compliant

- 3.15 The accounts and financial statements presented to Members have incorporated the above changes that are apply to the Council's accounts and are considered to be in accordance with the SORP.
- 3.16 Summaries of the changes introduced in 2008 compared to 2007 that apply to the Council are set out below.

Accounting for Fixed Assets

- 3.17 This was perhaps the main issue that the Council dealt with and centred around how assets are valued (including council houses). Changes were also introduced to accounting for the revaluation and reduction in the value of assets, for example, to reflect lower "market" prices.
- 3.18 These are technical issues that do not affect (ultimately) the "bottom line" of the Council's accounts. However, reporting the proper value of the Council's assets and how they have changed in value are considered key indicators in an authority's accounts and are subject to close scrutiny by external auditors.
- 3.19 This includes greater detail in analysing values, right down to individual assets such as a pavilion, each piece of land and each type of Council house. Previously, asset valuations and the associated accounting transactions tended to be held on a "grouped" basis.
- 3.20 This has led to authorities needing to change or even implement new systems for asset databases. Indeed, the Council upgraded its asset register system during the year to deal with the new accounting requirements.

Pensions – Disclosure Notes

- 3.21 The SORP has introduced further narrative to analyse the assets and liabilities making up the deficit on the Pension Fund, together with greater comparisons with previous years.

Financial Instruments

- 3.22 These cover loans and investments, together with Council creditors and debtors, for which accounting changed quite significantly the previous year, 2007/08.
- 3.23 Amendments have been made to how these are valued at the balance sheet date, together with assessing any risk involved including exposure to interest rates. This had less of an impact on the Council's accounts for 2008/09 and did not affect its surplus or deficit for the year.

Annual Governance Statement (AGS)

- 3.24 The AGS is seen 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.
- 3.25 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.
- 3.26 The Audit sub-Committee did this on 17th June 2009 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.

The Annual Report

- 3.27 In an effort to improve the presentation of financial information, summary information from the draft accounts, together with unit costs compared to performance on key indicators during 2008/09, will be included in the Council's Annual Report.
- 3.28 This will be tabled for consideration at Council on 9th July 2009.

External Audit

- 3.29 The accounts are still clearly subject to Audit. Grant Thornton (as the Council's appointed auditors) are scheduled to commence their audit of the accounts in August 2009 and are required to issue their opinion by 30th September 2009.
- 3.30 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.
- 3.31 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 2008/09.

3.32 This letter will be provided to the auditors at the conclusion of their work. In addition, they will report to the Audit Sub Committee on 30th September 2009, on any issues that have arisen from their work. These will be contained in a Governance Report.

3.33 When the Auditor has issued their opinion, the main accounts and financial statements will be formally advertised and published.

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.