

AUDIT & RISK COMMITTEE

25 September 2012

STATEMENT OF ACCOUNTS

Report of the Strategic Director for Resources

STRATEGIC AIM:	Delivering Council services within our Medium Term Financial Plan
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1. PURPOSE OF THE REPORT

- 1.1 This report presents the statutory Statement of Accounts 2011/12 in the form prescribed by regulation (Appendix A).

2. RECOMMENDATIONS

- 2.1 **That the Committee approves the Statement of Accounts for 2011/12 at Appendix A, which includes the amendment to the Annual Governance Statement.**

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To meet the statutory requirement for the council to approve and publish its annual statement of accounts by 30th September 2012.

4. BACKGROUND

- 4.1 The Statement of Accounts (SoA) is produced in line with International Financial Reporting Standards (IFRS) requirements which determine the contents and format of the Statement. There are no major changes in the IFRS requirements from those applicable in the previous year.
- 4.2 An initial point has arisen concerning the Annual Governance Statement approved by the Committee at its May meeting. The 2011/12 Accounting Code has introduced a requirement that, within its annual governance statement, an authority includes 'a specific statement on whether the authority's financial management arrangements conform with the governance requirements of CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework; and, where they do not, an explanation of how they deliver the same impact'. An appropriate insertion has been made in the Annual Governance Statement and, for ease of reference, this is shown in red in Part 1 of Appendix A to this Report.

- 4.3** The financial outturn reported to Cabinet on 17 July (report 138/2012) is incorporated into the SoA and Note 29 on pages 46 and 47 of Part 2 of the SoA in Appendix A reconciles the reported figure to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.
- 4.4** The SoA was certified as presenting a true and fair view of the authority's financial position by the Strategic Director of Resources before the deadline of 30 June (thus complying with the Accounts and Audit Regulations 2011). The SoA together with supporting working papers were then submitted to the external auditor to start their audit on 3 July and questions and issues raised during the course of the audit were logged and responded to promptly. The external auditor will report separately to this meeting his findings from the audit and his opinion on whether the accounts provide a true and fair view.
- 4.5** The Annual Governance Statement has been amended and this will be the subject of a separate report to this Committee.
- 4.6** General Fund
The Movement in Reserves Statement on page 3 of Part 2 of the Statement of Accounts summarises the position on the General Fund for 2011/12 and reconciles to the financial outturn reported to Cabinet on 17 July 2012 as shown in the table below:

Movement in Reserves		Outturn Report	
	£000		£000
Balance at 1 April 2011	(4,168)	General Fund 1 April 2011	(4,168)
Deficit on provision of services	426	Net operating expenditure	30,569
		Resources:	
Adjustments between accounting basis and funding basis under regulations	(2,880)	Non ring-fenced grants	(5,181)
		NNDR	(6,160)
		Council Tax	(20,836)
		Collection Fund surplus	(118)
		Capital met direct from revenue	34
Transfer from earmarked reserves	(70)	Transfer from earmarked reserves and provisions	(832)
Increase in 2011/12	(2,524)	Surplus for year	(2,524)
Balance at 31 March 2012	(6,692)	General Fund 31 March 2012	(6,692)

- 4.7** During the audit of the accounts a number of changes were agreed with the external auditor, the principal ones relating to property, plant and equipment. These fall into a number of categories:
- The revaluation of primary schools following the completion of improvements under the Better Schools for All initiative
 - Updated valuation data for the Ashwell Depot site
 - Amended valuation of Assets Held For Sale

The main effect of these changes is on the Balance Sheet, reducing the value of Property, Plant and Equipment and Investment Assets, with a corresponding reduction in Unusable Reserves. The charge within the Comprehensive Income and Expenditure Statement for depreciation and impairment also changes but this is reversed out via the Movement in Reserves statement and has no impact on the General Fund balance.

A schedule of the adjustments is attached as Appendix B.

5. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The Statement of Accounts has to be approved and published by 30th September
Viability	Low	There are no specific issues affecting the viability of the Council's activities
Finance	High	In the present economic climate a sound financial position and adequate levels of reserves are essential
Profile	Medium	Local authority finances attract local and national interest
Equality and Diversity	Low	Initial Equality Impact Assessment completed, there are no particular issues in this area.

Background Papers
None

Report Author
Ms S Dring
Head of Business Support (Resources)

Tel No: (01572) 722577
e-mail: enquiries@rutland.gov.uk

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.