

REPORT TO GOVERNANCE AND AUDIT COMMITTEE

REPORT OF: CORPORATE HEAD OF FINANCE AND CUSTOMER SERVICES

REPORT NO: CHFCS67

DATE: 24th September 2009

TITLE:	Revised Statement of Accounts 2008/09	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Resources and Assets Portfolio	
CONTACT OFFICER:	Richard Wyles – Corporate Head of Finance and Customer Services 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	N/A	Full impact assessment Required: No
Equality and Diversity	N/A	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Local Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	CHFCS50	

Introduction

1. The purpose of this report is to present the Council's audited Statement of Accounts for 2008/09. It covers
 - Account and Audit Regulations 2003
 - Section 21(2) Local Government Act 2003
 - Revised Statement of Accounts
 - Commentary on the outcome of the audit of the Statement of Accounts

Recommendations

2. I recommend that Members of the Governance and Audit Committee:
 - a. Approve the Revised Statement of Accounts 2008/2009;
 - b. Note changes to the outturn position of the General Fund following the changes agreed with Audit
 - c. Note the commentary on the outcome of the audit work; and

- d. Approve the publication of the Summary of Accounts (with “Plain English” accreditation)

Section 21(2) Local Government Act 2003

3. Section 21(2) of the Local Government Act 2003 requires that the Statement of Accounts is prepared in accordance with the statutory framework established by the Accounts and Audit Regulations 2003. The Statement of Accounts which accompanies this report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – A Statement of Recommended Practice (2007 SORP) produced by CIPFA¹ which sets out proper accounting practices required for the Statement of Accounts.

Statement of Accounts

4. The Statement of Accounts was originally presented to this committee in report no. CHFCS50 on 25th June 2009. Following the completion of the external audit the Statement of Accounts has been revised to reflect the outcome of this work. An updated copy of the Statement of Accounts is attached and a commentary setting out the main findings from the audit and amendments made to the accounts is provided here for members’ acceptance and approval.

Audit Adjustments

5. An error in the valuation figure provided by the District Valuer for Grantham Meres Leisure Centre resulted in the value of Other Land & Buildings within Fixed Assets being understated by £569k and the deficit to the Income & Expenditure account being overstated by £119k. In the bottom half of the Balance Sheet the impact was an understatement of the revaluation reserve of £431k and of the Capital Adjustment Account of £138k. This amendment also resulted in changes to the Statement of Movement in the General Fund Balance and to the Statement of Total Recognised Gains & Losses. Discussions have been held with the District Valuer to ensure that correct amounts are provided in the future. Various notes that were impacted by these changes have been adjusted.
6. Deferred charges are now known as Revenue Expenditure funded from Capital under statute. In light of this change the Cash Flow Statement has been amended to show this expenditure within Other Operating Cash Payments instead of under Other Capital Cash Payments. A compensating error had also been made to the accounting entries within the Income & Expenditure Account and the Statement of Movement in the General Fund Balance, but these had no effect on the reported deficit or amount transferred to the General Fund Balance.

¹ CIPFA – Chartered Institute of Public Finance and Accountancy

7. Past Service Costs relating to changes to the Pension scheme had not been included in the pension liability on the Balance Sheet resulting in the liability being understated by £520k.

Changes to the Notes to the Accounts

8. Further explanation has been added to Note 7 relating to the Building Control Trading Account to demonstrate compliance with Building Control regulations.
9. The Closing Capital Financing Requirement in Note 21 in the 2007/08 Statement of Accounts was stated incorrectly after changes were made to the financing of the Capital Programme, resulting in the 2008/09 Opening Capital Financing Requirement being incorrect. This has also resulted in a small error in the calculation of the 2008/09 Minimum Revenue Provision of £5k which will be corrected in 2009/10.
10. A clarification to Note 43 relating to the Pension scheme has also been made to more fully explain the impact of a change in accounting policy relating to the valuation of assets within the Pension Fund.

Comments of Section 151 Officer

11. My comments are included in the report.

Comments of the Monitoring Officer

12. The Council has a statutory duty to approve the Statement of Accounts by 30th June in accordance with the Account and Audit Regulations 2003. This was done by this committee on the 25th June 2009. External audit has required changes to that approved statement in accordance with this report.

Conclusion

13. The report represents a detailed picture of the result of the annual audit of the Statement of Accounts and provides a revised Statement of Accounts for 2008/2009. I would like to take this opportunity to thank all staff both from Accountancy Services and supporting services for their hard work in producing the Statement of Accounts.