

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 25 SEPTEMBER 2012

2011/12 STATEMENT OF ACCOUNTS

REPORT OF THE ASSISTANT DIRECTOR : FINANCE, AUDIT & I.G. (C.F.O.)

PART A) SUMMARY REPORT

- 1.1 This report informs Members of the outcome of the audit of the Council's accounts for 2011/12 and presents the Statement of Accounts for approval.
- 1.2 In 2007 Central Government announced that the UK Public Sector would adopt International Financial Reporting Standards (IFRS), which are the accounting standards used across the commercial world. The 2010/11 Statement of Accounts were the first IFRS financial statements to be produced by Local Authorities, 2011/12 have been prepared on the same basis.
- 1.3 Under IFRS any changes to accounting policy require restatement of previous years balance sheets and accounts. The council amended its policy in relation to the minimum value of assets to include in the asset register and harmonised that with the minimum value of capital spend. This change required the re-statement of the 2010/11 comprehensive income and expenditure account and the 2009/10 and 2010/11 balance sheets to provide comparative information.
- 1.4 In accordance with the Accounts and Audit (England) Regulations 2011, the Chief Financial Officer certified the draft statement of accounts prior to the 30th June. These were then made available for public inspection, circulated to members of the Audit Committee and provided to the external auditors to undertake the audit of accounts. As required by regulation, the final statement of accounts are now presented for approval, prior to publication. This Committee has delegated authority from Council to approve the council's final audited Statement of Accounts.
- 1.5 KPMG, the Council's external auditors, have completed their work and are in the process of issuing an unqualified audit opinion. However, at the time of printing this report the opinion had not been received and therefore this report contains a recommendation that delegated authority be granted to the Assistant Director : Finance, Audit & I.G. after consultation with the Chairman of the Audit Committee, to make any final changes required to the Statement of Accounts prior to publication.
- 1.6 The audit has identified fewer changes to the accounts than in the previous year, which have been agreed and included in this final version. The outturn position of £1.843m underspend reported to Cabinet on the 28 June 2012

remains unchanged and none of the changes impact on the previously reported General Fund Balance.

- 1.7 Following approval the Statement of Accounts will be published on the Council's web site.

2.0 RECOMMENDATIONS

2.1 That Members approve the 2011/12 Statement of Accounts attached at Appendix I.

2.2 That, if the audit has not been fully completed by the date of this meeting, delegated authority be granted to the Assistant Director : Finance Audit & I.G., in consultation with the Chairman of the Audit Committee, to make any final changes required to the Statement of Accounts prior to publication.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources. Regular financial monitoring helps to highlight variations from plan.
	No	
TARGET COMPLETION/DELIVERY DATE	To publish audited accounts by the end of September 2012.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed throughout the report.
LEGAL ISSUES	No	The Statement of Accounts have been prepared in accordance with the 2012 Code of Practice on Local Authority Accounting and the 2011 Accounts and Audit Regulations.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	<i>Borough Wide</i>

4.0 PREVIOUS MINUTES

Cabinet – Service & Financial Planning Report – 28 June 2012
 Council – Financial monitoring - 2011/12 Outturn Report– 12 July 2012

5.0 INFORMATION

5.1 The 2011/12 outturn position was reported to Full Council on the 12 July 2012. In accordance with the Accounts and Audit (England) Regulations 2011, the Council is required to prepare the formal Statement of Accounts in a prescribed format, which complies with International Financial Reporting Standards. The Chief Financial Officer certified the draft statement of accounts at the end of June. These were circulated to members of this committee, made available for public inspection and provided to the external auditors to undertake the audit of accounts.

5.2 The final overall underspend of £1,843,000 (-1.42% of net budget) is the same as previously reported to members in July.

5.3 Some adjustments to the accounts have been made after discussion with KPMG during the course of the final accounts audit. None of these has impacted on the General Fund Balance position previously reported. They include the following changes:

- (i) Disposal of Newport Girls High School from Asset Register, now an academy.

Property, Plant & Equipment	CR	£3.393m
Capital Adjustment Account	DR	£3.151m
Revaluation Reserve	DR	£0.242m
I & E Depreciation	CR	£0.047m
I & E Loss on Disposal of Assets	DR	£3.440m
Adjustments between Accounting and Funding Basis	CR	£3.393m

- (ii) Reclassification of Government Grants Received in Advance incorrectly shown in Other Payables

Creditors Note – Other Payables	DR	£3.338m
Creditors Note – Receipts in Advance	CR	£3.338m

- (iii) Government Grants not fully analysed in the note to the accounts. Additional grants added to the note as follows, was otherwise identified within other income.

Early Intervention Grant	£1.477m
Standards Fund	£0.531m
Other Government Grant	£5.807m

- (iv) Schools Single Status Accrual incorrectly shown within receipts in advance rather than sundry creditors. Only changes the Creditor Note to the Accounts.

Creditors Note – Receipts in Advance	DR	£0.631m
Creditors Note – Sundry Creditors	CR	£0.631m

- (v) Interest in relation to Finance Leases of £50k included within Central Services Provided to the Public rather than Interest Payable and, in addition, the split between short term and long term in relation to PFI and Leases had been misstated by £20k. Short term creditors being overstated.

I & E Account – Interest Payable	DR	£0.050m
I & E Account – Central Services Provided to the Public	CR	£0.050m
Balance Sheet – Short Term Creditors	DR	£0.020m
Balance Sheet – Long Term Creditors	CR	£0.020m

- (vi) Adjustment identified by Council Officers in relation to the analysis between capital receipts and capital spend where both capital spend and capital receipts had been overstated. This led to a number of changes to the accounts as follows.

I & E Account – Profit and Loss on Disposal of Assets	DR	£2.007m
I & E Account – Investment Property Income and Expenditure	CR	£1.294m
Balance Sheet – Property, Plant, Equip.	CR	£0.184m
Balance Sheet – Investment Property	CR	£0.529m
Balance Sheet – Capital Adjustment Account	DR	£1.017m
Balance Sheet – Deferred Capital Receipts Reserve	CR	£0.304m
I & E Account – Adjustments between Accounting and Funding Basis	CR	£0.713m

The final statement of accounts including all agreed amendments is attached at Appendix 1.

- 5.4 We once again anticipate receiving an unqualified audit report.
- 5.5 To comply with International Auditing Standards, the external auditor will also present the Annual Governance report to the Audit Committee which comments on the final accounts audit.

6.0 BACKGROUND PAPERS

2011/12 Draft Statement of Accounts
 2011/12 Outturn Report
 2011/12 Budget Book
 General Ledger Reports
 2011/12 Code of Practice on Local Authority Accounting
 Accounts and Audit (England) Regulations 2011

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