

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 17 SEPTEMBER 2013

2012/13 STATEMENT OF ACCOUNTS

REPORT OF THE ASSISTANT DIRECTOR: FINANCE, AUDIT & INFORMATION GOVERNANCE (CHIEF FINANCIAL OFFICER)

LEAD CABINET MEMBER – CLLR BILL McCLEMENTS

PART A) SUMMARY REPORT

- 1.1 This report informs Members of the outcome of the audit of the Council's accounts for 2012/13 and presents the Statement of Accounts for approval.
- 1.2 The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice which continues to add a level of complexity.
- 1.3 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 and provided to the external auditors to undertake the audit of accounts. As required by regulation, the final statement of accounts are now presented to members for approval, prior to publication. This Committee has delegated authority to approve the council's final audited Statement of Accounts.
- 1.4 KPMG, the Council's external auditors are expected to give the accounts an unqualified audit opinion and their Auditor's Report is will be included in the Statement of Accounts prior to publication.
- 1.5 The audit has identified one amendment and a number of presentational changes to the accounts, which have been agreed and included in this final version. The outturn position of £0.06m underspend reported to Cabinet on the 27 June 2013 remains unchanged and none of the changes impact on the previously reported General Fund Balance.
- 1.6 Following approval and completion of the audit, the Statement of Accounts will be published on the Council's web site.

2.0 RECOMMENDATIONS

- 2.1 **That Members approve the 2012/13 Statement of Accounts attached at Appendix 1.**
- 2.2 **That delegated authority be granted to the Head of Finance to make any presentational changes required to the Statement of Accounts prior to publication.**

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Cooperative Council priorities?	
	Yes	Delivery of all cooperative council priorities depend on the effective use of available resources. Regular financial monitoring helps to highlight variations from plan.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	To publish audited accounts by the end of September 2013	
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 2011 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>

PART B) ADDITIONAL INFORMATION

5.0 INFORMATION

- 5.1 The 2012/13 outturn position was reported to Full Council on the 27 June 2013. In accordance with the Accounts and Audit (England) Regulations 2011, the Council is required to prepare formal Statement of Accounts in a prescribed format, following International Financial Reporting Standards. The Chief Financial Officer certified the draft statement of accounts at the end of June. These were then made available for public inspection and provided to the external auditors to undertake the audit of accounts.
- 5.2 The final overall underspend of £0.06m (-0.04% of net budget) is the same as previously reported to members in June.
- 5.3 One audit adjustment has been made to the accounts after discussion with KPMG during the course of the final accounts audit together with a number of presentational adjustments. None of these has impacted on the General Fund Balance position previously reported. They include the following changes:

- (i) Following a review of the asset register which was in response to emerging guidance in relation to the accounting treatment of Trust Schools, an adjustment had been incorrectly treated as an asset disposal instead of a downward revaluation. The key changes are to note 9 and the 2011/12 I&E Account:

Other Operating Expenditure	CR	£0.402m
(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets	DR	£0.402m

- (ii) The presentational changes to the accounts included changes to the treatment of some transactions included in the Capital Adjustment Account in relation to Fixed Assets. The required changes have resulted in adjustments to the I&E Account, the Movement in Reserves Statement, the Cashflow Statement and several notes; the key one being note 22 which shows the Revaluation Reserve and Capital Adjustment Account Reserves. A summary of the changes to the I&E Account and CAA are shown below.

Comprehensive Income & Expenditure AC	Draft 2012/13 £'000	Adjustment £'000	Adjusted 2012/13 £'000
Net Cost of Services	117,820	56	117,876
Other Operating Expenditure	21,556	(192)	21,364
Financing and Investment Income & Expenditure	10,904	192	11,096
Taxation & Non Specific Grant Income	(128,899)	0	(128,899)
(Surplus) or deficit on provision of services	21,381	56	21,437
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets	(4,907)	(56)	(4,963)
(Surplus) or deficit on Available for sale financial assets	0	0	0
(Actuarial Gains)/Losses on Pension assets/liabilities	34,335	0	34,335
Other Comprehensive Income & Expenditure	29,428	(56)	29,372
Total Comprehensive Income and Expenditure	50,809	0	50,809

Capital Adjustment Account	Draft 2012/13 £'000	Adjustment £'000	Adjusted 2012/13 £'000
Balance Brought Forward	106,392	0	106,392
Charges for Depreciation and impairment of non-current assets	(19,521)	(3,673)	(23,194)
Revenue Expenditure Funded from Capital under Statute	(14,748)	0	(14,748)

Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	(27,087)	192	(26,895)
Adjusting amounts written out of the Revaluation Reserve	627	3,054	3,681
Capital Financing - capital receipts	28,833	0	28,833
Capital Financing - capital grants and contributions	35,344	0	35,344
Both credited to the CI&E that have been applied to capital financing			
MRP	6,599	379	6,978
Balance Carried Forward	116,439	(48)	116,391

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

5.5 We once again anticipate receiving an unqualified audit report.

5.6 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 IMPACT ASSESSMENT

There is no further information to add.

7.0 PREVIOUS MINUTES

Cabinet – Service & Financial Planning Report – 27 June 2013

Council – Service & Financial Planning Report – 11 July 2013

8.0 BACKGROUND PAPERS

2012/13 Draft Statement of Accounts

2012/13 Outturn Report

General Ledger Reports

2012/13 Code of Practice on Local Authority Accounting

Accounts and Audit (England) Regulations 2011

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