

 Council 26 September 2013		Agenda Item No. 15
Title	Statement of Accounts 2012/13	
For further information about this report please contact	Mike Snow Tel 01926 456800 mike.snow@warwickdc.gov.uk Marcus Miskinis Tel 01926 456804 marcus.miskinis@warwickdc.gov.uk	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive 19 June 2013: Finance and Audit Scrutiny 9 July 2013	
Background Papers	Accounts and Audit (England) Regulations 2011 Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (CIPFA) Service Reporting Code of Practice 2012/13 (CIPFA)	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes (490)
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	16 Sept 2013	Chief Executive
Head of Service	16 Sept 2013	Mike Snow
CMT		
Section 151 Officer	16 Sept 2013	Finance Report
Monitoring Officer		
Finance	16 Sept 2013	Finance Report
Portfolio Holder(s)	16 Sept 2013	Cllr Mobbs

Consultation & Community Engagement	
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. SUMMARY

- 1.1 The accounts have been closed in respect of the financial year 2012/13 and the outturn duly reported to the Executive in June. The unaudited Statements were presented to the Finance and Audit Scrutiny Committee in July.
- 1.2 The Statements have now been audited by Grant Thornton UK LLP and were presented to the Finance and Audit Scrutiny Committee yesterday, together with the external auditor's Annual Governance Report.

2. RECOMMENDATION

- 2.1 The Council approves the Statement Of Accounts 2012/13.

3. REASONS FOR THE RECOMMENDATION

- 3.1 As part of corporate governance, Members have an important role in overseeing the framework of internal control of the Council. There is a statutory requirement to have the Statement of Accounts approved and published by 30 September.

4. POLICY FRAMEWORK

- 4.1 **Policy Framework** – The Statement of Accounts for 2012/13 represents a historic account of the financial performance for that year and, therefore, identifies how well, or otherwise, the Budget and Policy frameworks have been complied with.
- 4.2 **Fit for the Future** – This report has no direct impact on Fit for The Future as it is a historical presentation of the past year's operations.

5. BUDGETARY FRAMEWORK

- 5.1 The Statement of Accounts 2012/13 is an historic account of the financial performance of the year and shows comparison with the budget for 2012/13 and the results for 2011/12.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 Not to approve the Statements.

7. BACKGROUND

- 7.1 The accounts have been compiled so as to comply with the appropriate accounting standards and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and are included as Appendix 'A'.
- 7.2 The Accounts and Audit (England) Regulations 2011 require the responsible financial officer, by no later than 30 June immediately following the yearend, to sign and date the Statement of Accounts. This was completed on 28 June 2013. The draft Accounts were then presented to Finance and Audit Scrutiny Committee for consideration in July, ahead of the audit.

- 7.3 An advertisement was placed in local newspapers and on the Council's website on 21 June informing electors of their rights to inspect the accounts between 18 July and 14 August and to question the auditor about those accounts from 15 August until the conclusion of the Audit. One member of the public has asked for information behind the accounts. Another local resident has made an objection to the accounts in relation to the Council's expenditure on opposition to HS2, which the objector is suggesting is unlawful. The Auditor is currently considering the issues raised.
- 7.4 The 2011 Regulations also require that members approve and publish the audited accounts by no later than 30 September. Consequently, meetings were set up for 25 and 26 September for the Finance and Audit Scrutiny Committee and Council, respectively, to meet their responsibilities.

8. ANNUAL GOVERNANCE STATEMENT

- 8.1 The Accounts and Audit (England) Regulations 2011 require local authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and to include a statement on internal control with the Statement of Accounts. The regulations require local authorities to produce the statement in accordance with 'proper practices in relation to internal control'.
- 8.2 Following various reviews, a new Framework has been put in place which recommends that the review of the effectiveness of the system of internal control should be reported in an Annual Governance Statement.
- 8.3 To support the conclusions in the Annual Governance Statement, each year a review is to be carried out of the system of internal control to highlight any serious control issues and actions needed to deal with them.
- 8.4 The Annual Governance Statement, containing the findings of the review, is appended to the Statement of Accounts.
- 8.5 As expected, for an authority of our size, the review identified a number of areas for improvement in internal control and these form a series of actions to take.
- 8.6 The Standards Committee considered the Annual Governance Statement at its meeting on 10 June 2013 and recommended its approval.

9. STATEMENT OF ACCOUNTS

- 9.1 The Statement of Accounts has been prepared using principles and practices of accounting which 'presents a true and fair view' the financial position and transactions of the Council. 'Proper accounting practices' are deemed to be those specified in CIPFA's "Code of Practice on Local Authority Accounting in the United Kingdom 2012/13" ("the Code") which involves interpretations of accounting standards and other pronouncements by the Accounting Standards Board.
- 9.2 As a consequence of the above, the Statements are required to be shown in a format which more closely follows that used to produce commercial accounts.

- 9.3 The Statement of Accounts comprises four primary statements plus two supplementary statements that reflect specific activities of a shire district council – the Housing Revenue Account and the Collection Fund.
- 9.4 The first primary statement is the Movement in Reserves Statement (page 9). This shows the movement in the year on the different reserves held by the Council and analyses them into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (i.e. 'unusable reserves'). The statement shows the true economic cost of providing the Council's services, the statutory adjustments required for tax and rent setting and the use of any earmarked reserves.
- 9.5 The second primary statement is the Comprehensive Income and Expenditure Statement (page 10). This is a more detailed analysis of the true economic cost of providing services referred to above. Although it would appear that the Council is operating at a large surplus, this is mainly due to the new accounting regime operating in the wake of HRA Self Financing in 2011/12, whereby the Council is putting aside resources to build more homes.
- 9.6 The Balance Sheet (page 11) is a simpler statement than one shown under the former reporting standards with the details now being provided in the notes.
- 9.7 Similarly, the Cash Flow Statement (page 12) is a more abridged version with the notes providing the details. The IFRS Cash Flow statement includes both cash and cash equivalents i.e. non-cash items that can be quickly liquidated e.g. short term loans.
- 9.8 There have not been any significant changes in the accounting standards since last year.
- 9.9 These accounts have been audited during August and September.
- 9.10 There have been no changes in the primary statements. However, there have been a few changes in the disclosure notes, mostly to further improve clarity and better comply with the CIPFA Code. The main changes are discussed below.
- 9.11 In 2012/13 there were revaluation gains on the HRA stock. In the Explanatory Foreword and HRA disclosure notes this was correctly disclosed. However, in disclosure note 39 the wording had not been amended from last year's position that there had been impairments due to the poor economic climate. This note has had the wording amended accordingly.
- 9.12 In Note 27 - Cash Flow Statement – Investing Activities – Purchases and Sales of investments. This figure was disclosed as the net activity. The note has been amended to show the two activities separately.
- 9.13 In Note 41 – Defined Benefit Pension Schemes – a disclosure about the cumulative amount of actuarial gains and losses was originally shown using information received since the disclosure was first required. The disclosure has been amended to show the information as provided by the current actuary.