

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

18 June 2012

Report of the Director of Finance

Part 1- Public

Delegated

1 STATEMENT OF ACCOUNTS 2011/12

This report presents an unaudited set of Accounts for 2011/12 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 for consideration and endorsement. The Accounts include the proposals recommended to the Cabinet meeting on 20 June.

1.1 Introduction

- 1.1.1 An audited set of Accounts for 2011/12 must be approved by the Council or a Committee of the Council by 30 September 2012. Under the Council's constitutional arrangements responsibility for the approval of the Statement of Accounts is delegated to the General Purposes Committee. The General Purposes Committee has a meeting scheduled for 2 July to approve the Accounts (unaudited) and 3 September to approve the audited Accounts.
- 1.1.2 The role of this Committee is to consider and peruse the unaudited set of Accounts and to make recommendations as deemed appropriate to the meeting of the General Purposes Committee on 2 July. Due to the timing of meetings any recommendations deemed appropriate will be reported verbally to the meeting of the General Purposes Committee.

1.2 Statement of Accounts

- 1.2.1 This is the second year the Accounts are to be prepared in accordance with International Financial Reporting Standards. The Code of Practice on Local Authority Accounting in the United Kingdom is issued by the Chartered Institute of Public Finance and Accountancy and is reviewed and as appropriate updated at least annually. The more significant changes applying to the financial year starting 1 April 2011 are:

Heritage Assets

Heritage assets are defined as a tangible or intangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture. Heritage assets where the Council holds information on their cost or value are to be recognised on the Balance Sheet. Where the Council does not hold information on the cost or value and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts such details as the Council holds are to be included in the notes to the financial statements.

1.2.2 An unaudited set of Accounts for 2011/12 is enclosed with this agenda. It consists of the following individual financial statements and associated notes.

- 1) Movement in Reserves Statement – this Statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (those that can be applied to fund expenditure and or reduce local taxation) and other reserves (those that the Council is not able to use to provide services, for example, the revaluation reserve).
- 2) Comprehensive Income and Expenditure Statement – this Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.
- 3) Balance Sheet – sets out the financial position of the Council at 31 March 2012. It shows the value of the Council’s assets and liabilities, and its balances and reserves.
- 4) Cash Flow Statement – this summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes.
- 5) Notes to the financial statements.
- 6) Collection Fund and Associated Notes – shows the total local taxation transactions in relation to business rates and council tax.

1.2.3 At **[Annex 1]** is a more detailed overview of the Statement of Accounts and at **[Annex 2]** a checklist certified by the Director of Finance in support of the assertions made in the Statement of Responsibilities for the Statement of Accounts.

1.2.4 Members will note in accordance with the Accounts and Audit Regulations and in my role as the Council’s responsible financial officer, I have certified that the Statement of Accounts present a “true and fair view” of the financial position of the local authority at the end of the year and its income and expenditure for the year.

- 1.2.5 The Statement of Accounts is subject to external audit and the District Auditor is to commence the audit of the Accounts shortly.

1.3 Accounts and Audit Regulations

- 1.3.1 The Accounts and Audit Regulations (England) 2011 require:

The Council's responsible financial officer to certify an unaudited set of accounts for issue that present a "true and fair view" of the financial position of the Council as at 31 March 2012 and its income and expenditure for the year ended 31 March 2012 by no later than 30 June.

The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 30 September, and that following approval both the responsible financial officer and Chairman of the receiving Committee sign and date the Statement of Accounts.

Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement is to accompany, but is not part of the Accounts.

1.4 Statement of Auditing Standards

- 1.4.1 Our External Auditor (the District Auditor) is required by the Audit Commission's statutory Code of Audit Practice to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts. Under the Council's constitutional arrangements it is the General Purposes Committee that will receive this report. The report is expected to be presented to the General Purposes Committee meeting on 3 September 2012.

1.5 Revenue and Capital Outturn 2011/12

- 1.5.1 At the time of writing this report, Cabinet, at its meeting on 20 June, is due to receive a joint report on the Revenue and Capital Outturn for the year 2011/12. That report and the associated Outturn Booklet contain details of variations between the 2011/12 revised estimates and outturn.
- 1.5.2 Members are to be advised at this meeting that the overall revenue outturn was within budget with a contribution from the General Revenue Reserve of £510,575 compared with the revised estimate figure of £1,242,100. The favourable outturn position of £731,525 includes the first instalment of the 2012/13 grant award under the New Homes Bonus scheme of £99,225.

- 1.5.3 In addition, that we had as part of the closedown process undertaken a review of the specific earmarked reserves held by the Council and invited Cabinet to endorse setting aside £20,000 to engage the services of a consulting engineer to undertake site investigation and prepare costed options in respect of the river wall at Wouldham. In addition, approve an additional contribution of £50,000 to the Building Repairs Reserve. The above proposals have been reflected within the outturn position given above.
- 1.5.4 **[Annex 3]** provides details of movements on the special projects reserve, other earmarked reserves and minor revenue adjustments agreed by the Director of Finance during the closedown process or to be agreed by Members.

1.6 Legal Implications

- 1.6.1 Compliance with the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting in the United Kingdom is a statutory requirement. There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

1.7 Financial and Value for Money Considerations

- 1.7.1 As set out above.

1.8 Risk Assessment

- 1.8.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescales could adversely affect the Council.

1.9 Equality Impact Assessment

- 1.9.1 See 'Screening for equality impacts' table at end of report

1.10 Recommendations

- 1.10.1 To note and endorse the Statement provided by the Director of Finance **[Annex 2]** in support of assertions made in the Statement of Responsibilities for the Statement of Accounts.
- 1.10.2 To note and endorse the recommendations detailed at paragraph 1.5.3 following a review of the specific earmarked reserves held by the Council.
- 1.10.3 To note and endorse the enclosed unaudited set of Accounts for 2011/12 and to make such recommendations, as the Committee considers appropriate, to the General Purposes Committee meeting on 2 July.

Background papers:

Nil

contact: Neil Lawley
Paul Worden

Sharon Shelton
Director of Finance

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The report presents an unaudited set of Accounts for 2011/12 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 for consideration and endorsement.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	N/A	The report presents an unaudited set of Accounts for 2011/12 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 for consideration and endorsement.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.