

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**GENERAL PURPOSES COMMITTEE**

**02 February 2009**

**Report of the Director of Finance**

**Part 1- Public**

**Delegated**

**1 CONSULTATION ON THE 2009 LOCAL AUTHORITY STATEMENT OF RECOMMENDED PRACTICE (THE SORP)**

**This paper sets out the Council's suggested response to the proposed changes to the Code of Practice on Local Authority Accounting in the United Kingdom, A Statement of Recommended Practice (the SORP) for 2009. The SORP governs the way in which the Council's Statement of Accounts is prepared.**

**1.1 Introduction**

1.1.1 The SORP is issued by the Chartered Institute of Public Finance and Accountancy and reviewed continuously and is normally updated annually. The proposed changes would apply to the financial year commencing 1 April 2009. This will be the last year for which a UK Generally Accepted Accounting Practice based SORP will be issued. The guidance that will apply to periods commencing on or after 1 April 2010 will be in a form of a Code of Practice on Local Authority Accounting based on International Financial Reporting Standards.

1.1.2 The consultation paper can be found at the following address:

[www.cipfa.org.uk/pt/download/LAA\\_SORP\\_2009\\_ITC.pdf](http://www.cipfa.org.uk/pt/download/LAA_SORP_2009_ITC.pdf)

1.1.3 The return date for comments is the 8 February 2009.

**1.2 Proposals**

1.2.1 This is a technical document and my officers have formulated a response to the consultation paper. A copy of the questions asked within the consultation paper and our proposed response to them is attached at **[Annex 1]**.

1.2.2 With respect to the proposed changes, the more significant are:

- 1) Adopting requirements for accounting for PFI schemes that are consistent with those contained in the Government's 2009/10 Financial Reporting

Manual (FReM) in order to ease the transition to International Financial Reporting Standards.

- 2) Introducing more detailed and in some respects different requirements for accounting for council tax and national non-domestic rates.
- 3) Removal of larger parishes and community councils from the list of bodies to which the SORP applies.
- 4) Accounting for reorganised local authorities.

### **1.3 Impact of Proposals**

- 1.3.1 We are in general agreement with the proposals outlined in the consultation paper and will review our working practices in the coming months to ensure that we comply with the new requirements.

### **1.4 Legal Implications**

- 1.4.1 For the purposes of local government legislation local authorities are required to comply with the Code of Practice on Local Authority Accounting in the United Kingdom, the SORP.

### **1.5 Financial and Value for Money Considerations**

- 1.5.1 None.

### **1.6 Risk Assessment**

- 1.6.1 Compliance with the SORP is a statutory requirement. Therefore, failure to prepare and publish the Accounts in accordance with the SORP will adversely impact on our Use of Resources assessment.

### **1.7 Recommendations**

- 1.7.1 Members are asked to endorse the proposed response to the Consultation on the 2009 Local Authority SORP.

Background papers:  
Consultation on the 2009 Local Authority SORP

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