

AGENDA
ITEM

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SOUTH HAMS COUNCIL

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NAME OF COMMITTEE	Audit Committee
DATE	17 July 2012
REPORT TITLE	DRAFT STATEMENT OF ACCOUNTS 2011/12
Report of	Head of Finance and Audit
WARDS AFFECTED	All

Summary of report:

This report presents a summary of net revenue and capital expenditure for Members' consideration and provides an opportunity for Members to comment on the Draft Statement of Accounts for 2011/2012 (attached).

Financial implications:

The report advises Members that a surplus of £260,000 was generated in 2011/2012.

RECOMMENDATIONS:

The Draft Statement of Accounts for the financial year ended 31 March 2012 is noted.

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1. BACKGROUND

- 1.1 The Accounts and Audit (England) Regulations 2011 set out the requirements for the production and publication of the local authority's annual Statement of Accounts (SOA). These regulations introduce revised procedures for the certification, approval and publication of accounting statements. In particular, the requirement for Councils to approve the SOA prior to external audit is removed. In line with common practice in the commercial sector, local authorities are now required to approve the accounts following the completion of the audit.

- 1.2 The SOA is an essential feature of public accountability, since it provides the stewardship report on the use of funds raised from the public. The closing of accounts is also important to the budgetary process, since it confirms the availability of reserves and balances for future use.
- 1.3 The attached booklet contains the Council's final accounts in full, including details of the Comprehensive Income and Expenditure Account, Balance Sheet and Collection Fund together with statements setting out movements in reserves and cash flow. In addition, the explanatory foreword to the booklet summarises the major variations in income and expenditure from the original budget.
- 1.4 The accounts have been prepared in accordance with all relevant and appropriate accounting standards including, International Accounting Standard (IAS) 19 which deals with pension costs.

2. ISSUES FOR CONSIDERATION

2.1 IAS 19 – “Employee Benefits”

- 2.1.1 This standard ensures that the full cost of employing people is recognised systematically in the accounts and that creditors reflect the council's liability to pay money into the pension fund. A full explanation of the pension's liability is included in the Council's SOA. Members are advised that the accounting arrangements for IAS 19 are for reporting purposes only. Indeed the required entries are reversed out of the accounts and consequently, IAS 19 has no impact on the Council's surplus for the year.

2.2 Revenue Expenditure

- 2.2.1 Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, fees and charges, government grants and interest earned on investment activity.
- 2.2.2 The surplus on the General Fund in 2011/2012 is £260,000 which represents less than 0.5% of the Council's gross turnover of £59m. The main differences from budget are shown in paragraph 4 of the Explanatory Forward in the SOA.

2.3 Capital Expenditure

- 2.3.1 Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £3.4M in 2011/12 and is analysed in the Explanatory Foreword to the SOA.

2.4 Audit of Accounts

2.4.1 Members are advised that the accounts will be audited by our External Auditors, the Audit Commission, during August .Following the Audit, the SOA will be brought back to the Audit Committee for approval in September.

3. LEGAL IMPLICATIONS

The Statutory Powers that apply to this report are Section 151 Local Government Act 1972 Section 21 (12), Local Government Act 2003 and the Accounts and Audit (England) Regulations 2011 (SI 2011 No 817).

4. FINANCIAL IMPLICATIONS

The financial implications to this report are that a surplus of £260,000 was generated in 2011/2012.

5. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	Effective financial management underpins the achievement of all priorities
Statutory powers:	Section 151 Local Government Act 1972 Section 21 (12) Local Government Act 2003 Accounts and Audit (England) Regulations 2011 SI 2011 No 817
Considerations of equality and human rights:	None directly arising from this report
Biodiversity considerations:	None directly arising from this report
Sustainability considerations:	None directly arising from this report
Crime and disorder implications:	None directly arising from this report
Background papers:	Corporate Finance working papers
Appendices attached:	Appendix A – Statement of Accounts

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Man
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel		
1	Public Accountability	A formal review of the Statement of Accounts forms an essential component of the Council's systems for public accountability and is a statutory requirement.	5	1	5	↔	The accounts ha in strict accordan <i>of Practice on Lo</i> <i>Accounting in the</i> 2011/12 which is statute as repres accounting practi
2	Resource Planning	Consideration of the balance sheet and revenue outturn provides a platform for future resource planning.	5	1	5	↔	The Executive ta significant issues the Council's Me Financial Strateg

Direction of travel symbols ↓ ↑ ↔