

Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 10th July 2013

Subject: The Statement of Accounts 2012/13

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 The Responsible Financial Officer has reviewed the 2012/13 accounts and certified that they are a true and fair view of the Council's financial position.
- 2 The accounts have been drawn up based on proper accounting practice as required by the Accounts and Audit Regulations 2011.
- 3 Subject to Committee agreement the accounts will be available for public inspection for twenty working days commencing 15th July 2013.
- 4 Despite the continuing financial pressures impacting on local government, the Council continues to manage its financial affairs in an effective manner.

Recommendations

- 5 Members are asked to:
 - § Note the 2012/13 unaudited Statement of Accounts as certified by the Responsible Financial Officer.
 - § Agree to release the accounts for public inspection.

1 Purpose of this report

- 1.1 The purpose of this report is to present to the Committee the 2012/13 Statement of Accounts prior to them being made available for public inspection. The Statement of Accounts is included with the agenda as a separate document for Committee members and is published on the Council's internet site.

2 Background information

- 2.1 Whilst it is no longer a legal requirement for members to formally approve these unaudited accounts before the 30th June, members of this committee requested that that they receive the accounts prior to them being made available for public inspection.

3 Main issues

3.1 Main Financial Issues

- 3.1.1 The following is a summary of the main financial issues raised by the 2012/13 unaudited accounts:

- § The final outturn position for the year was a £2.4m deficit, a £4.6m improvement on the budgeted position which was to use £7.0m of general reserves.
- § The Council's net worth has fallen by £233m and as at the 31st March 2013 stands at £64m. The main reasons for this fall are as follows:
 - An increase in the net pensions deficit of £146m;
 - A £109m loss on disposal of assets, mainly relating to the transfer of schools to Trusts and Academies.
- § The Housing Revenue Account made a surplus of £0.9m.

A full analysis of these and other financial issues are included in the Foreword of the Director of Resources which can be found at the front of the accounts.

3.2 Responsibilities and Timeframes for Approving the Statement of Accounts

- 3.2.1 The Accounts and Audit Regulations 2011 determine the roles and responsibilities for approving local government accounts. Under these regulations it is the responsibility of the Responsible Financial Officer to certify that the accounts are a true and fair view of the Council's financial position before the 30th June. The accounts must then be available for public inspection for twenty working days before this Committee is charged with approving and publishing the final audited accounts before the 30th September.

- 3.2.2 To enable members to discharge their responsibilities for approving the accounts the following assurances can, or will, be given within the approval process:

- § On the 25th June the Responsible Financial Officer reviewed the 2012/13 accounts and certified that they are a true and fair view of the Council's financial position.
- § The accounts have been drawn up based on proper accounting practice as required by the Accounts and Audit Regulations 2011.
- § KPMG's interim audit found no significant issues that would require additional audit work in order to give an unqualified audit opinion. The audit also confirmed that the process for producing the financial statements was adequate.
- § KPMG will undertake a detailed audit of the accounts in July and August to ascertain that, in their view, the accounts show a true and fair of the Council's financial position. Auditors will report any significant issues back to this Committee in September.

- § Stakeholders have twenty working days while the accounts are on deposit to look through the accounts and supporting documentation and raise any questions with the auditors or to object to the accounts. If considered significant the auditors would pursue the complaint or questions and determine if the accounts need amendment. Any significant issues raised in this way would be reported back to this Committee in September. For 2012/13, subject to Committee approval, public inspection will commence on the 15th July.
- § Members have the opportunity to question officers on any aspect of the accounts at this Committee or in the September Committee prior to approving the accounts.

3.3 Accounting Issues Impacting on the Financial statements

- 3.3.1 For 2012/13 there are no significant changes to accounting practice which members need to be made aware of. However, for 2012/13 officers have got audit agreement to “de-clutter” the accounts. Within this process officers have reviewed the accounts in order to determine whether each explanatory note is significant enough to warrant inclusion. This process has determined that a number of explanatory notes did not add to the understanding of the accounts and agreement was reached to drop these notes. This has led to a removal of sixteen pages of notes which will not require detailed external audit, saving both officer and audit time.
- 3.3.2 In addition, in order to highlight the key financial issues the explanatory notes are now split into two categories, the “Key assets and liabilities affecting the Council’s financial standing” and “Further explanatory notes to the main financial statements”.

3.4 External Audit Issues

- 3.4.1 In September 2012, KPMG reported back to this Committee its main audit findings in respect of the 2011/12 accounts and any recommendations or risks for the following year’s accounts. The only audit recommendation was to ensure that correct documentation was obtained to confirm when schools had been transferred to Academies or Trusts. For 2012/13 such documentation was obtained to ensure transfers were correctly accounted for.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report from the Director of Resources on the Council’s 2012/13 financial accounts and consequently no public, Ward member or councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and City Priorities

4.3.1 The Statement of Accounts is an audited publication which provides all stakeholders with the confidence that public money has been properly accounted for and that the financial standing of the Council is on a secure basis.

4.3.2 As required by the Accounts and Audit Regulations 2011, the accounts are to be made available for public inspection for twenty working days. Local electors and taxpayers have the right to look through the accounts and supporting documentation as well as the right to object to the accounts and question the auditors.

4.4 Resources and value for money

4.4.1 This is a factual report of the Director of Resources on the financial accounts of the Council for 2012/13. There are no additional financial or value for money implications.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The accounts are required to be certified as a true and fair view of the Council's financial position by the Responsible Financial Officer before the end of June. This report does not require a key decision and is therefore not subject to call in.

4.6 Risk Management

4.6.1 The Council's external auditors provide a risk assessment on the accounts process as part of their interim audit as reported to this Committee. For 2012/13 the external auditors have not identified any significant risks which would require them to undertake any additional audit work on the financial statements.

5 Conclusions

5.1 Despite the continuing financial pressures impacting on local government, the Council continues to manage its financial affairs in an effective manner. Whilst there has been a fall in the Council's net worth the main reasons for this are outside the Council's direct control and reflect Government policy and the wider economic climate. Overall the Council continues to balance its finances and has a proven process for managing future budget pressures.

5.2 The Responsible Financial officer has certified that the accounts are a true and fair view of the council's financial position.

6 Recommendations

6.1 Members are asked to:

§ Note the 2012/13 unaudited Statement of Accounts as certified by the Responsible Financial Officer.

§ Agree to release the accounts for public inspection.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.