

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Corporate Governance Committee  
**AUTHOR/S:** Chief Executive / Head of Accountancy

30th June 2008

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### STATEMENT OF ACCOUNTS 2007/08

#### Purpose

1. To approve the Statement of Accounts (distributed as a separate document with this agenda).
2. This is a key decision because it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision.

#### Background

3. The Accounts and Audit Regulations 2003 require the draft Statement of Accounts for 2007/08 to be approved by the 30th June 2008.
4. A bulletin issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in February 1996 stated that "it must be stressed that approval in this context has to some extent a different meaning than on other resolutions required to be approved by Members. The responsible financial officer (RFO) retains responsibility for the preparation of the statement of accounts and indeed is required under (1996) Regulation 8 (3) to certify their fair presentation. The Member's role in approval is to demonstrate their ownership of the accounting statements and their confidence in the RFO and in the process by which he or she maintains the accounting records and prepares the statement".
5. However, to maintain the Council's score of level 3 on financial reporting in the Use of Resources assessment, there needs to be evidence that "the accounts were subject to robust member scrutiny prior to approval".
6. In October 2000, a statutory instrument was issued setting out functions which were not to be the responsibility of an authority's executive. One of these functions was the duty to approve the authority's statement of accounts. At its meeting in March, Council resolved that the terms of reference of the Audit Panel (now known as the Corporate Governance Committee) be extended to incorporate approval of the Statement of Accounts.

#### Considerations

7. I am pleased to report that the draft Statement of Accounts for 2007/08 has been produced. The Statement is in draft because it is still subject to approval and to audit and awaiting the Auditor's Report.
8. The contents of the Statement of Accounts are largely determined by the Code of Practice on Local Authority Accounting – a statement of recommended practice (SORP) issued by CIPFA. The SORP is updated annually and for 2007/08 there are substantive changes.

9. These changes are:
- (a) an Annual Governance Statement which replaces the Statement of Internal Control and, as its name implies, is much wider in scope; a draft Annual Governance Statement was considered by the Committee at its last meeting ;
  - (b) the replacement of the Fixed Asset Restatement Account and the Capital Financing Account with a Revaluation Reserve and a Capital Adjustment Account with effect from 1st April 2007 which has accounting implications for the treatment of revaluations, depreciation and disposal of assets;
  - (c) accounting for Financial Instruments which has resulted in some complex additional disclosures.
10. The explanatory foreword is intended to explain in overall terms and in an easily understandable manner the Council's financial position. A brief statement will also be included on a forthcoming Members' bulletin outlining the key financial issues.
11. On the more familiar basis of reporting by Portfolios, a comparison of actual expenditure with the original and revised estimates for the General Fund, Housing Revenue Account and summary capital programme will be reported to the Cabinet meeting on 3rd July.
12. In view of the detailed technical processes involved in the preparation of the draft Statement of Accounts and accompanying explanatory information, it will be helpful if Members provide advance notice of any questions, thereby allowing time for any associated research to be completed.
13. The draft Statement of Accounts is issued subject to audit. The audit is due to start on 21st July. The accounts and other related documents are available for inspection by the public for 20 working days starting on the same date of 21st July and electors or their representatives may question the auditor about the accounts and make objections on 18th August.
14. The Statement of Accounts will be published on the Council's website together with, in due course, a summary of the accounts which will be simplified and easier to understand.

### Options

15. None.

### Implications

16. Financial	The actual working balances will be incorporated in the next review of the Medium Term Financial Strategy.
Legal	The SORP constitutes a proper accounting practice under the Local Government Act 2003 and local authorities are legally required to comply with the SORP.
Staffing	In future years, there is a risk that the accounts may not be closed in accordance with the statutory deadlines if vacancies and/or sickness occur at critical times. This is a reputational risk – there are no financial penalties for not complying with the deadline but it will adversely affect the Use of Resources score

Risk Management	The short deadlines allow less time for preparation, checking and reviewing and there is, therefore, also the risk that errors may occur in the Statement of Accounts.
Equal Opportunities	None

### Consultations

17. None.

### Effect on Corporate Objectives and Service Priorities

18. 

<b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b>
<b>Deliver high quality services that represent best value and are accessible to all our community</b>
<b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b>
This report has no direct implications for any of the Annual Priorities and Corporate Objectives but any variation in the expenditure on individual services might have affected the achievement of the Objectives.

### Recommendations

19. The Corporate Governance Committee is recommended to approve the draft Statement of Accounts.

**Background Papers:** the following background papers were used in the preparation of this report:

Statement of Accounts as enclosed with this report

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