

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee

29th June 2010

AUTHOR/S: Head of Accountancy

STATEMENT OF ACCOUNTS 2009/10

Purpose

1. To approve the Statement of Accounts (to be distributed later as a separate document).
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.

Recommendations and Reasons

3. The Corporate Governance Committee is recommended to approve the draft Statement of Accounts for 2009/10.

Background

4. The Accounts and Audit Regulations 2003 require the draft Statement of Accounts for 2009/10 to be approved before the 30th June 2010.
5. 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".
6. However, on financial reporting in the former Use of Resources assessment, there needed to be evidence that "the accounts were subject to robust member scrutiny prior to approval".
7. 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 2007, 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

8. I am pleased to report that the draft Statement of Accounts for 2009/10 has been produced. The Statement is in draft because it is still subject to approval and to audit and awaiting the Auditor's Report.

9. 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 2009/10 the changes compared to 2008/09 which affect this Council are:
- i. a true and fair view is now given;
 - ii. the Council as a billing authority is now considered to be acting as an agent in the collection of council tax on behalf of the County, Police and Fire authorities and in the collection of business rates on behalf of the government; the Council's accounts now only show this Council's share of the council tax and show business rates as a net amount owed to/from the government; and
 - iii. additional disclosures on officers' remuneration.
10. The explanatory foreword is intended to explain in overall terms and in an easily understandable manner the Council's financial position including a comparison of actual expenditure with original estimate. A brief statement will also be included on a forthcoming Members' bulletin outlining the key financial issues.
11. 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.
12. The draft Statement of Accounts is issued subject to audit. The audit is due to take place in July/August. The accounts and other related documents will be available for inspection by the public for 20 working days and electors or their representatives may question the auditor about the accounts and make objections on an appointed day which is still to be determined.
13. 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

14. The Committee may decide not to approve the Statement of Accounts in which case a further meeting must be held within twenty working days and, if the accounts are not approved at that meeting, then a statement must be published as to the reasons why the accounts can not be approved.

Implications

15. 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.
Risk Management	The short deadlines and increasing complexity 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
Climate Change	None

Consultations

16. None

Effect on Strategic Aims

17. This report has no direct implications for any of the Strategic Aims but any variation in the expenditure on individual services might have affected the achievement of the aims, approaches and actions.

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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