

<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>29 JUNE 2010</b>
<b>TITLE OF REPORT:</b>	<b>STATEMENT OF ACCOUNTS</b>
<b>OFFICER:</b>	<b>TECHNICAL ACCOUNTING MANAGER</b>

**CLASSIFICATION:** Open

## **Wards Affected**

County-wide

## **Purpose**

To report to the Audit and Governance Committee on the 2009/10 Statement of Accounts.

## **Key Decision**

This is a Key Decision which has been delegated by Full Council to the Audit and Governance Committee.

## **Recommendation(s)**

**THAT the Audit and Governance Committee approve the 2009/10 Statement of Accounts.**

## **Key Points Summary**

The council is required to produce a statement of accounts in accordance with legal and accounting requirements and to have these approved by 30<sup>th</sup> June. The statement is a technical document setting out the council's financial accounting information. Management accounting information is reported to Cabinet and Scrutiny committees throughout the year and the out-turn position was reported to Cabinet on 17<sup>th</sup> June 2010. There have been significant changes to the accounting requirements for the statement of accounts in 2009/10.

## **Alternative Options**

1 None.

## **Reasons for Recommendations**

2 The Accounts and Audit Regulations 2003 place a legal obligation on councils to approve their annual statement of accounts by 30 June.

## **Introduction and Background**

3 The purpose of the statement of accounts is to give electors, members, employees and other

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Further information on the subject of this report is available from  
Heather Foster Technical Accounting Manager on (01432) 260284

interested parties (including the Audit Commission) clear information about the council's finances.

4. The statement has been drawn up in accordance with the Accounts and Audit Regulations, the CIPFA Best Value Accounting Code of Practice and the CIPFA Code of Practice on Local Authority Accounting in Great Britain; A Statement of Recommended Practice 2009/10 (2009 SORP). The 2009 SORP consolidates the statutory requirements and accounting standards that the council is legally required to follow.
5. The revenue and capital out-turn position compared to budget was reported to Cabinet on 17<sup>th</sup> June 2010 and a summary of the position is included in the Explanatory Foreword to the Statements. The focus of the formal Statement of Accounts is the financial accounting and external reporting requirements of the council.

## **Key Considerations**

6. The 2009 SORP introduced significant changes to the accounts, the biggest being the early implementation of part of International Financial Reporting Standards (IFRS) in respect of Private Finance Initiative (PFI accounting) and similar contracts. In general, where properties used to deliver PFI services were previously off balance sheet they are likely to be brought on-balance sheet under IFRS, with a corresponding liability to pay for the assets over the life of the contracts. Prior period adjustments are required back to the start of the contracts.
7. The council has 2 formal PFIs, Whitecross School and Waste disposal (in partnership with Worcestershire County Council). However, the requirements extend to other contracts involving the provision of assets and services and a full review of all relevant contracts was undertaken to determine whether they fell under the definition. As a result an additional contract was identified as falling within the scope of a PFI type contract, which was the Shaw Healthcare contract for the provision of residential care.
8. The 2009 SORP also changed accounting for council tax and national non-domestic rates (NNDR). Previously all entries were shown in the council's accounts, including the elements for West Mercia Police and Hereford and Worcester Fire Authority. Now the council is viewed as being an agent for the preceptors and only the council's proportion of balances (e.g. council tax arrears) are shown in the balance sheet. Similarly, the collection of National Non-Domestic Rates (NNDR) is treated as being carried out by authorities as an agent activity on behalf of central government.
9. The notes accompanying the accounts are also specified by statutory requirements and accounting standards. In addition to the new notes to accompany the PFI changes the most significant addition in 2009/10 is a new requirement to publish information on senior officer remuneration. For senior employees whose full-time equivalent salary is between £50,000 and £150,000 the disclosure is by way of job title and for those whose salary is £150,000 or more they are identified by name.

## **Community Impact**

10. None.

## **Financial Implications**

11. These are outlined in the report.

## **Legal Implications**

- 12 The Accounts and Audit Regulations 2003 place a legal obligation on councils to approve their annual statement of accounts by 30 June.

## **Risk Management**

- 13 The requirement to approve the Statement of Accounts by end of June is a legal requirement and a detailed timetable is produced to ensure the deadline is achieved. Further risk management activity is addressed by providing high quality working papers and officer time to help external auditors form an appropriate judgment on the Statement of Accounts by 30 September 2010.

## **Consultees**

- 14 None.

## **Appendices**

Appendix 1 – Statement of Accounts 2009/10.

## **Background Papers**

- None identified.