
Meeting: Audit Committee
Date: 13 January 2014
Subject: Final Accounts Process 2013/14
Report of: Charles Warboys – Chief Finance Officer
Summary: The report summarises key changes in the Statement of Accounts for 2013/14 and internal procedures for producing the Statement of Accounts.

Advising Officer: Charles Warboys – Chief Finance Officer
Contact Officer: Nisar Visram – Financial Controller
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Not applicable

Financial:

1. The preparation of the annual financial statements is a core responsibility of the Council's finance team and involves the support of many other services. The Finance team seek to continuously improve the processes that support the preparation of the statements as well as implement any changes in reporting requirements within the Council's overall approved revenue budget.

Legal:

2. The production of an annual Statement of Accounts is a requirement of the Accounts and Audit Regulations 2011. The accounts are to be prepared in line with 'proper accounting practice' and the Local Government Act 2003 section 21(2) specifies the CIPFA Code of Practice as representing proper accounting practice for this purpose.

The accounts are based on International Financial Reporting Standards (IFRS) as defined by the CIPFA Code of Practice and the authority must incorporate any changes to the CIPFA Code in preparing the financial statements.

Risk Management:

3. Not Applicable.

Staffing (including Trades Unions):

4. Not Applicable.

Equalities/Human Rights:

5. Not Applicable.

Public Health

6. Not Applicable.

Community Safety:

7. Not Applicable.

Sustainability:

8. Not Applicable.

Procurement:

9. Not Applicable.

RECOMMENDATIONS:**The Committee is asked to:**

- 1. Consider the key changes in the account statements and processes.**
- 2. Approve an interactive presentation of the unaudited accounts to Audit Committee and other Members in June 2014.**

Background

10. The Accounts and Audit Regulations 2011 require the Chief Finance Officer of the Local Authority to prepare and sign a set of unaudited accounts by 30 June each year. Audited accounting statements are required to be re-certified by the Chief Finance Officer, signed by the Chair of the Audit Committee and published by 30 September each year.
11. In addition to the requirements of the 2011 Regulations, the Council held an accounts presentation in June 2013, open to all Members, to enhance scrutiny and present key figures from the technical accounts in a useful and meaningful manner.
12. Under the same 2011 regulations, the accounts are required to present a 'true and fair' view of the financial position of the Council and comply with 'proper accounting practices'. The Local Government Act 2003 specifies the CIPFA Code as representing proper accounting practices for this purpose. The CIPFA Code is issued annually in November.

13. CIPFA issue a Local Authority Accounting Panel (LAAP) bulletin at the end of the financial year to address any specific issues arising from the CIPFA Code of Practice. These bulletins have the same status as the CIPFA Code in forming the statutory basis of the Council's accounts.
14. CIPFA may also issue mid-year updates to the Code of Practice on an exceptional basis. No such update has been issued for the 2013/14 financial year.

CIPFA Code of Practice 2013/14

15. The 2013/14 Code of Practice incorporates updates to the 2012/13 Code issued after its publication as part of a 2012/13 mid year update and year-end bulletin. The two main areas of change incorporated in the Code relate to accounting for the Housing Revenue Account (HRA) under self-financing and changes in accounting for Carbon Reduction Commitments (CRC). These changes were applicable for the 2012/13 accounts and therefore no changes to the 2013/14 accounts arise from these adjustments to the CIPFA Code.
16. There are a number of minor technical updates in the 2013/14 Code and there are two changes of note in this financial year relating to:
 - post-employment benefits and International Accounting Standard (IAS) 19.
 - accounting requirements in respect of National Non Domestic Rates (NNDR) following the move to localisation.
17. The 2013/14 Code incorporates changes made to IAS 19 in 2011. The most notable changes include the introduction of new classes of components of defined pension benefits costs to be recognised in the financial statements and new recognition criteria for termination benefits. Figures for the 2012/13 year will be restated, although the changes are presentational and there will be no material impact on the financial statements.
18. National Non Domestic Rates (NNDR) will be accounted for via the Collection Fund in a manner similar to Council Tax. As Councils now retain a share of business rate income, there will be an annual surplus/deficit on the Collection Fund which will be distributed/recovered in the subsequent year's budget. These changes reflect the new regime applicable from 1 April 2013, and therefore no restatement of prior year balances will be required.

Accounts Process

19. The Accounts and Audit Regulations 2011 require the Chief Finance Officer to certify the unaudited Statement of Accounts by 30 June each year.
20. In June 2013 there was a presentation of the key figures in the accounting statements to this Committee and all other Council Members were also invited, the purpose being to enhance the scrutiny and discussion of the statements in a clear and useful manner. The presentation was made by the Chief Finance Officer, the Head of Financial Control and the Financial Controller and included a question and answer session.

21. Conducting a presentation instead of submitting the accounts as an Audit Committee report enabled significantly more time for Finance staff to concentrate on quality assurance work in June. Making the most of the time available for quality assurance activities helped to minimise the work of the Finance team and the external auditors in the period July to September..
22. Positive feedback was received following the presentation, which engaged Members and enabled a focus on the key points within the accounts. It is therefore proposed to present the 2013/14 statements in a similar manner at the Audit Committee meeting in June 2014 with an open invitation to all Council members.

Appendices:

None

Background Papers: (open to public inspection)

None