

Audit Committee – 29 June 2010**STATEMENT OF ACCOUNTS 2009/2010****Report of the Head of Financial Services**

Statutory Powers: Section 151 Local Government Act 1972
Section 21 (12) Local Government Act 2003
The Accounts and Audit Regulations 2003
Accounts and Audit (Amendment) (England)
Regulations 2006 and 2009

Financial Implications: Advises Members that a surplus of £23,000 was generated in 2009/2010.

Purpose

This report presents a summary of net revenue and capital expenditure for Members consideration and seeks approval of the Statement of Accounts for 2009/2010 (attached).

Links to Council Priorities

Effective financial management underpins the achievement of all the Council's priorities and commitments.

RECOMMENDATIONS

- 1. The Statement of Accounts for the financial year ended 31 March 2010 is formally approved.**
- 2. Following the approval of the accounts, the Chairman of the Council shall sign and date the accounts.**

Introduction

1. The Accounts and Audit Regulations 2003 set out the requirements for the production and publication of the local authority's annual Statement of Accounts (SOA).
2. The SOA is an essential feature of public accountability, since it provides the stewardship report on the use of funds raised from the public. The closing of accounts is also important to the budgetary process, since it confirms the availability of reserves and balances for future use.
3. The attached booklet contains the Council's final accounts in full, including details of the Income and Expenditure Account, Balance Sheet, Collection Fund together with statements setting out movements in reserves and cash flow. In addition, Section 1.4 (page 2) of the booklet summarises the major variations in income and expenditure from the original budget.

4. The accounts have been prepared in accordance with all relevant and appropriate accounting standards including, Financial Reporting Standard (FRS 17) which deals with pension costs. The booklet also describes the Council's responsibilities for internal control and will include the Annual Governance Statement.

International Financial Reporting Standards (IFRS)

5. Members are advised that this is the last time that the annual accounts will be prepared under the "Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP)". For the 2010/11 financial year, the annual accounts will be prepared on an IFRS basis. This has implications for the way in which fixed assets and employees costs are accounted for. As a result, it is a requirement that the 2009/10 accounts are restated on an IFRS basis for comparative purposes which places an additional burden on the Council's Finance Team.

FRS 17 – "Accounting for Retirement Benefits"

6. This standard ensures that the full cost of employing people is recognised systematically in the accounts and that creditors reflect the council's liability to pay money into the pension fund. A full explanation of the pension's liability is included in the Council's SOA. Members are advised that the accounting arrangements for FRS 17 are for reporting purposes only. Indeed the required entries are reversed out of the accounts and consequently, FRS 17 has no impact on the Council's "bottom line".

Revenue Expenditure

7. Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, fees and charges, government grants and interest earned on investment activity.
8. The surplus on the General Fund in 2009/2010 is £23,000. In the context of the Council gross turnover of £53M this can be considered to be a break-even position. The main differences from budget are shown in paragraph 4 of the Explanatory Forward in the SOA (Section 1 page 2).

Capital Expenditure

9. Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £3.4 M in 2009/10 and is analysed in Section 4 of the SOA.

Audit of Accounts

10. Members are advised that the accounts will be audited by our External Auditors, the Audit Commission, during August.

Risk assessment

Opportunities/Benefits	
Consideration of the Statement of Accounts forms an essential component of the Council's systems for public accountability. It also provides a platform for future resource planning.	
Issues/Obstacles/Threats	Control measures / Mitigation
The Council does not approve the SOA and consequently fails to comply with statutory requirements.	The accounts have been drawn up in strict accordance with the <i>Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP)</i> , which is recognised by statute as representing proper accounting practice.

Conclusion

11. The Council has faced a number of budget pressures during the year. However, despite these challenges and a number of significant variations, our overall spend was in line with the original budget. The Council continues to provide value for money to our residents as demonstrated by the fact that it has third lowest Council Tax in Devon. Overall, our financial position remains strong and sustainable and the Council is well placed to meet the challenges of the future.

John Foxworthy
Head of Financial Services

Mark Seymour
Strategic Director (Resources)

Council
29 June 2010

Background Papers:

None