

Accounts, Audit and Risk Committee

Statement of Accounts 2012/13

18 September 2013

Report of the Interim Head of Finance and Procurement

PURPOSE OF REPORT

The purpose of this report is to obtain official sign-off by the Chief Financial Officer and the Chairman of Accounts, Audit and Risk Committee the audited Statement of Accounts 2012/13.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended:

- (1) To approve the amendments to the 2012/13 financial statements detailed in Appendix 1
- (2) Subject to reviewing the contents of the Audit Results Report (separate agenda item) approve the 2012/13 financial statements (Appendix 2)
- (3) To note that the 2012/13 Summary Accounts are currently being prepared and will be tabled at the meeting (Appendix 3 – to follow).

Executive Summary

1.1 Introduction

The preliminary “subject to audit” Statement of Accounts 2012/13 was reported to the Committee at its meeting on 26 June 2013.

2012/13 was the first year that the accounts have been produced by a shared finance function. The team followed the closedown timetables to prepare two sets of accounts one for Cherwell and one for South Northants Councils - to meet the statutory deadlines.

Appendix 1 lists the changes that we have made from the preliminary “subject to audit” version circulated on 27 June. The majority of the changes are primarily presentational. As this was our first year as a shared team, there are improvements that have been identified and these will be incorporated next year.

At the time this report is being written it is expected that the Statement of Accounts

will receive an unqualified audit opinion.

The only change of substance, relates to the effective date of the valuation of the Council's fixed assets. There have been a number of changes to both the Balance Sheet and Comprehensive Income and Expenditure Statement. The changes do not impact on the Council's "bottom line", council tax payers or General Fund balances. These amendments have been agreed with the auditor and the changes have been included in the revised accounts (Appendix 2).

The changes identified above arose due to that fact that 2012/13 was a full revaluation year covering all land and buildings. The Council is required to complete a full revaluation every five years. This work was undertaken by a qualified valuer in Regeneration and Housing. The valuation report was dated 31 March 2013 but these revaluations were put through the Asset Register as at 1 April 2012. In effect, the new values were shown at the start of the year rather than at the end of the year. The impact of this was to understate the value of assets in the Council's Accounts.

The Council has four "one stop shops" within existing Council buildings in Banbury, Bodicote, Kidlington and Bicester. The "one stop shops" were shown separately as fixtures and fittings on the asset register. However, the valuation report valued each Council building as a whole including the one stop shops. In effect these "one stop shop" fixtures and fittings were included twice in the asset register.

The net effect of the above to increase Property, Plant and Equipment in the Balance Sheet by £992,000. This is funded by a £992,000 increase in the Unusable Reserves. The net effect in the Comprehensive Income and Expenditure Statement is a £992,000 increase and this is reversed out and charged to Unusable Reserves (so that it does not impact on council tax payers).

In-line with reporting requirements to Communities and Local Government, the Council submits an annual Whole of Government Accounts return. As in previous years, a draft return was submitted which reflected the 'subject to audit' accounts. This was submitted by 14 August 2013 deadline. A final version of this return is then submitted by the external auditor after the issue of their audit opinion and before the deadline of 4 October 2013.

1.2 Changes from the Statement of Accounts "Subject to Audit" 2012/13

A schedule has been maintained of all changes made since the June draft accounts and is included in Appendix 1. A full detailed audit trail is available for Member's inspection.

1.3 Audit Opinion

The Auditor's Audit Results Report, which includes issues relating to the Financial Statement 2012/13 and opinion on Value for Money is included elsewhere on the agenda.

At the time of writing this report it is anticipated that an unqualified audit opinion will be given shortly and within the 30 September 2013 deadline. This opinion will then be included within the published Statement of Accounts.

The accounts reviewed by the Accounts, Audit and Risk Committee on 26th June 2013 were made available for audit supported by detailed working papers. In the same way as the previous years' accounts, we were able to provide all of the

working papers electronically to the auditors on the first day of the audit. This was seen as a positive action and aided the audit process considerably.

1.4 Letter of Representation

Ernst Young require a Letter of Representation signed by both the Chairman of this Committee, Councillor Trevor Stevens, and the Chief Financial Officer, Martin Henry as part of their standard close down procedures.

The draft letter is attached as an Appendix in Ernst Young's Audit Results Report and will be signed at the meeting.

Implications

Financial: There are no financial issues arising from this report. The costs of publishing the financial publication are funded from within existing resources.

Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Legal: The Council must ensure its financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting guidelines and available for publication by September 30 2013.

Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Risk Management: There are no risks arising directly from the approval of the Statement of Accounts 2012/13.

Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Wards Affected

All

Document Information

Appendix No	Title
Appendix 1	Audit Trail of Changes 2012/13
Appendix 2	Statement of Accounts 2012/13
Appendix 3	Summary of Accounts 2012/13 – to follow
Background Papers	
Audit Working Papers	
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