

Report of	Meeting	Date
Chief Executive	Governance Committee	12 September 2013

STATEMENT OF ACCOUNTS 2012-13

PURPOSE OF REPORT

1. To present for approval, by the statutory deadline of 30 September 2013, the audited Statement of Accounts for 2012/13.

RECOMMENDATION(S)

2. That the Committee should approve the audited Statement of Accounts for 2012/13 (Appendix A).
3. That the Committee should authorise the Chief Executive to sign the Letter of Representation (Appendix B).

EXECUTIVE SUMMARY OF REPORT

4. Approval of the audited Statement of Accounts and publication by 30 September 2013 is a requirement of the Accounts and Audit (England) Regulations 2011. The approved and signed Statement would be published on the Council's web site.
5. Figures in 2011/12 and 2012/13 have been restated so that £1.75m is shown as being transferred into an Earmarked Reserve rather than a Long Term Provision as at 31 March 2012, instead of at 31 March 2013.
6. The Appointed Auditor intends to issue an unqualified audit opinion of the Statement of Accounts; an unqualified Value For Money conclusion; and indicates that there are no significant weaknesses in internal controls to highlight. The adjusted misstatement in respect of the £1.75m Earmarked Reserve is said to have had no impact on the overall reported financial position. Two unadjusted misstatements will be corrected in 2013/14, because they have no material impact in 2012/13.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

BACKGROUND

8. The unaudited Statement of Accounts 2012/13 was presented to the Governance Committee meeting of 27 June 2013. Since then the audit has been completed, and the Appointed Auditor's Audit Findings Report is presented as a separate report on this agenda.
9. The Accounts and Audit (England) Regulations 2011 require that the statement should be approved by a meeting of members by 30 September 2013. The full statement for 2012/13 is attached as Appendix A.
10. Following consideration and approval by this Committee, the Chair should sign and date the Statement, which should also be re-certified by the Chief Finance Officer (Chief Executive), and be published by 30 September 2013. The Statement of Accounts will be published on the Chorley Council web site, www.chorley.gov.uk.
11. The Chief Executive, as Chief Finance Officer, should also sign the Letter of Representation attached as Appendix B. This is referred to in the report from Grant Thornton.

CHANGES IN AUDITED STATEMENT OF ACCOUNTS

12. There have been a number of changes to the audited Statement of Accounts for 2012/13 compared to the unaudited Statement presented on 27 June 2013.
13. The only material change is in respect of the £1.75m received from Chorley Community Housing in 2011/12 for the purpose of paying the pension fund. In 2011/12, the sum of £1.75m was transferred into a Long Term Provision account, with the intention that any payments to the pension fund in a future year would be charged to the provision. As explained in my report presented on 27 June 2013, during 2012/13 the transfer to the provision was reversed back to the Comprehensive Income and Expenditure Account (CI&EA); and then the sum was transferred into an Earmarked Reserve instead. Future payments to the pension fund would be charged to the CI&EA and matched by a transfer from the Earmarked Reserve. Though the auditor agrees that the £1.75m should be held in an Earmarked Reserve, this should have been the treatment of the transaction in the 2011/12 accounts. This means that 2011/12 comparative figures have been restated, and that the movement from Long Term Provision to Earmarked Reserve in 2012/13 is no longer required.
14. The following changes in respect of this are included in the audited Statement:
 - **Foreword by the Chief Finance Officer** – in the Reserves and Balances Summary, the technical deficit for the Income and Expenditure account has increased from £0.299m to £2.049m. Rather than there being a £1.482m transfer to Earmarked Reserves, there is now a net transfer from Earmarked Reserves of

£0.268m. Neither of these changes affects the total usable reserves of £2.060m (General Balance) and £4.309m (Earmarked Reserves).

- **Movement in Reserves Statement** – the restated balance as at 31 March 2012 included the £1.75m within Earmarked Reserves. The transfer has been excluded from the movements during 2012/13.
- **Comprehensive Income and Expenditure Statement** – the transfer to the Provision in 2011/12 and reversal in 2012/13 has been excluded from the Gross Expenditure total for Other Operating Expenditure.
- **Balance Sheet** – the restated figures as at 31 March 2012 include the £1.75m in Usable Reserves rather than the Long Term Provision. The effect has been to increase Net Assets to £6.591m. No changes were required to 31 March 2013 figures.
- **Cash Flow Statement** – the figures for the net deficit on provision of services have changed for both years, as have the adjustments to the deficit for non-cash movements. Cash and cash equivalents at the end of each period have not changed.
- **Note 4: Critical Judgements in Applying Accounting Policies** – explains the change and points readers to those parts of the Statement that have restated 2011/12 figures.
- **Note 8: Transfers/to from Earmarked Reserves** – the £1.75m transfer to the Earmarked Reserve for reduction of the pension liability has been moved from 2012/13 to 2011/12. The total held in Earmarked Reserves as at 31 March 2013 has not changed.
- **Note 9: Other Operating Expenditure** – the transfer to the pension liability provision in 2011/12 and reversal in 2012/13 are no longer required in this note.
- **Note 23: Provisions** - the transfer to the pension liability provision in 2011/12 and reversal in 2012/13 are no longer required in this note.
- **Note 29: Amounts Reported for Resource Allocation Decisions (Segments)** – this note has been amended to reflect the changes to the Comprehensive Income and Expenditure Statement.

15. Note 36: Officers Remuneration has been amended to include an accrued payment that was included where appropriate in all other statements, but which had been omitted from the note.
16. The audited Statement also includes a small number of amendments to correct typographical errors and rounding differences. A number of adjustments were made, with audit agreement, to improve the clarity of the presentation of the financial statements.

AUDIT FINDINGS

17. The Audit Findings report by the Appointed Auditor (Grant Thornton) includes a draft audit opinion. This indicates that the Council will be provided with an unmodified audit report which is, in other words, an unqualified opinion. In addition, Grant Thornton propose to give an unqualified Value For Money conclusion. Furthermore work on testing of internal controls has not satisfied any significant weaknesses that the Appointed Auditor wishes to highlight for the Council's attention.
18. In respect of the adjusted misstatement of the £1.75m sum received from Chorley Community Housing, Grant Thornton confirm that there is no impact on the Council's overall reported financial position.
19. There were two unadjusted misstatements in 2012/13. Capital expenditure in respect of Clayton Green Sports Centre and Brinscall Baths was incorrectly attributed to the All Seasons Leisure Centre, which meant that depreciation and revaluation figures in 2012/13

were incorrect. As there is no material impact on the financial statements in 2012/13, I have agreed that the corrections will be made during 2013/14. In addition, commuted sums for the maintenance of assets adopted by the Council under Section 106 agreements have been included in the balance sheet figure for Short Term Creditors. Such sums should be in the Long Term Creditors total, but the correction will be made in 2013/14 because there is no material impact in 2012/13.

IMPLICATIONS OF REPORT

20. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

21. All relevant comments are included within the report.

COMMENTS OF THE MONITORING OFFICER

22. Approval and publication of the Statement of Accounts by 30 September 2013 is required in order to comply with the Accounts and Audit (England) Regulations 2011.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael Jackson	5490	2/9/13	Statement of Accounts Report 2012-13 Gov Ctte 12-9-13.docx