

**Open Report on behalf of Pete Moore, Executive Director Resources and Community Safety**

Report to:	<b>Audit Committee</b>
Date:	<b>19 March 2012</b>
Subject:	<b>Statement of Accounts 2011/12</b>

**Summary:**

This report summarises:

- Changes to the Code of Practice on Local Authority Accounting which will be incorporated into the 2011/12 Statement of Accounts; and
- Review of Accounting Policies.

**Recommendation(s):**

The Executive Director - Resources and Community Safety asks Members of the Audit Committee to:

1. Note the changes required to our Statement of Accounts from the Code of Practice 2011; and
2. Approve the Statement of Accounting Policies (Appendix A) for use in drawing up in the Council's accounts for the financial year 2011/12.

**Background**

The Council is required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) and the Service Reporting Code of Practice (SeRCOP) both ensuring the accounts are prepared using "proper accounting practice".

**CHANGES TO THE CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING FOR 2011/12**

The format of the accounts and accounting requirements are largely the same as in 2010/11, however, the Code of Practice for 2011 has introduced a small number of changes. These include:

- Adoption of the requirements set out in FRS 30 *Heritage Assets*. Heritage assets will now be carried at valuation in the Council's balance sheet wherever possible, and the accounts will include additional disclosures about these assets. This is a change in accounting policy and as such requires additional disclosures in and amendments to both the 2011/12 and 2010/11 financial statements.
- Additional disclosures in respect of remuneration and exit packages. The Code has introduced a requirement to disclose the number and cost of exit packages agreed by the Council.
- Amendments to the related party disclosures required in respect of central government departments, government agencies, NHS bodies and other local authorities. This also introduces amendments to the definition of related party, related party transactions and close members of the family of a person.
- The introduction of the Carbon Reduction Commitment Scheme. The 2011/12 financial year is the first year for which there will be an obligation to purchase and surrender Carbon Reduction Commitment (CRC) Allowances in relation to carbon dioxide emissions. This will need to be reflected in the accounts with a provision at 31 March 2012 which represents the best estimate of the expenditure required to meet the Council's obligation.
- A specific requirement that, within the annual governance statement the Council will include a specific statement on whether the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government*.
- Minor changes to financial instrument disclosures in respect of leases and PFI, and the nature and extent of risk arising from financial instruments.

## **STATEMENT OF ACCOUNTING POLICIES**

An important section of the published Accounts is the statement of accounting policies. This summarises the rules and codes of practice used to prepare the Accounts, together with any estimation techniques adopted.

The policies have been reviewed and are attached at Appendix A for consideration. The accounting policies are presented with tracked changes. The main changes highlighted are:

- Accounting for the treatment for Heritage Assets; and
- Accounting for the Carbon Reduction Commitment Scheme.

Minor changes made include: reference to new legislation for 2011/12; update current components used for asset valuations; include Community Infrastructure

Levy's in under revenue grants; and update Central Establishment Charges for the cost of support services.

## Conclusion

Changes to the format of the accounts and accounting requirements will be incorporated into the Statement of Accounts for 2011/12 as required by the Code of Practice for 2011/12.

The Statement of Accounts will be prepared using the Accounting Policies approved by the Audit Committee at this meeting.

## Consultation

### a) Policy Proofing Actions Required

N/A

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Accounting Policies 2011/12

## Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2011/12	Executive Director - Resources and Community Safety
Service Reporting Code of Practice 2011	Executive Director - Resources and Community Safety

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