

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

Report to:	Audit Committee
Date:	09 July 2012
Subject:	Draft Statement of Accounts 2011/12

Summary:

The draft Statement of Accounts for Lincolnshire County Council for the financial year 2011/12 is attached to this report. Members of the Audit Committee are asked to scrutinise and comment on the draft Statement of Accounts. The final Statement of Accounts for 2011/12 will be presented to the Audit Committee in September for approval.

Recommendation(s):

Members of the Audit Committee are asked to scrutinise and comment on the draft Statement of Accounts, within the framework set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and other statutory guidance.

Background

1.1 The County Council prepare its annual Statement of Accounts in line with the proper accounting practices required by section 21(2) of the Local Government Act 2003 and set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice (SeRCoP).

1.2 In addition to this guidance the County Council's accounts are prepared using the accounting policies set out at note one on pages 16 to 34 of the accounts. The accounting policies are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are reflected in the Statement of Accounts. These policies are reviewed annually to ensure they remain current and were reported to this committee at its meeting on 19 March 2012.

1.3 The format and content of the Statement of Accounts is largely the same as in 2010/11 then the Council adopted International Financial Reporting Standards for the first time. The changes to the accounts for 2011/12 were reported to this committee on 22 March this year and are summarised below:

- 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. Heritage assets disclosures are set out in note 15 on pages 55 to 57.
- 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 (note 40, page 92).
- 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 (included as a provision in note 26 pages 72 to 74).
- 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.

1.4 Councillors have little discretion to influence the content of the statements as they are prepared using the above guidance, however Councillors do have a responsibility for the corporate governance of the Council and this includes robust scrutiny of the Council's financial accounts and financial position. Therefore, Members of the Audit Committee are asked to scrutinise and comment on the Statement of Accounts.

1.5 Councillors may wish to initially focus on the Explanatory Foreword (pages 3 to 9). This attempts to provide a straight forward overview of the Council's financial health and performance and highlights the significant areas of financial activity during the year.

1.6 Councillors should note that separate reporting takes place on expenditure incurred over 2011/12 relative to the approved budget. This review of financial performance has been to Executive on 3 July and will be considered by the VfM Scrutiny Committee on 17 July. Recommendations arising in terms of the

treatment and use of over and underspendings will be considered by full Council on 14 September.

Conclusion

2.1 The Committee's scrutiny and comments will be reflected in the final Statement of Accounts which will come back to this Committee in September.

2.2 The statements are subject to external audit and the Council's External Auditor (The Audit Commission) will give an opinion on whether the accounts give a 'true and fair' view. The results of the external audit will be reported back to the Audit Committee in September. The Audit Committee will then be asked to approve the final Statement of Accounts for 2011/12.

2.3 The accounts and supporting information are available for inspection by the public during the period 9 July 2012 to 3 August 2012 inclusive.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Statement of Accounts 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
The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12	Executive Director - Resources and Community Safety
Service Reporting Code of Practice for Local Authorities	Executive Director - Resources and Community Safety

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