

AUDITED ANNUAL STATEMENT OF ACCOUNTS 2012/13

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk

Tel: 01743 255011

1. Summary

- 1.1 This covering report and the Annual Statement of Accounts document (circulated electronically to all Members) present to Members the final audited outturn position for the financial year 2012/13.

2. Recommendations

- 2.1 Members are asked to:

- A. Consider and approve the 2012/13 Statement of Accounts and that the Chairman of the Council signs them (in accordance with the requirements of the Accounts and Audit Regulations 2011).
- B. To agree that the Head of Finance, Governance and Assurance be authorised to make any minor adjustments to the Statement of Accounts prior to the 30th September 2013.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Details of the potential risks affecting the balances and financial health of the authority are considered within the Statement of Accounts.

4. Financial Implications

- 4.1 This report considers the overall financial position of the Authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the Authority, and the level of balances of held.

5. Background

- 5.1 The Accounts and Audit Regulations 2011 state that members are required to approve the annual accounts after, rather than before, the findings of the audit are known. The formal date for approval and publication of the accounts is 30 September.

- 5.2 A copy of the 2012/13 Statement of Accounts has been circulated to all members electronically. The Council's external auditors, Grant Thornton, have audited the accounts during July, August and September. The audit of the accounts is substantially complete and the Auditor has indicated that an unqualified audit opinion will be issued on the accounts, subject to the successful completion of the outstanding matters.
- 5.3 The Accounts and Audit Regulations 2011 also require that the Statement of Accounts is accompanied by the Council's Annual Governance Statement which details the processes and procedures in place to enable the council to carry out its functions effectively. The Annual Governance Statement was approved by the Audit Committee on 21 June 2013 and has been circulated to all members electronically.

6. External Audit Opinion

- 6.1 Grant Thornton are expected to provide an unqualified audit opinion on the Statement of Accounts and therefore will report as follows.

"In our opinion the financial statements give a true and fair view of the financial position of Shropshire Council as at 31 March 2013 and of its expenditure and income for the year then ended; give a true and fair view of the financial position of the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

7. Changes from the Draft Statement of Accounts Certified by the Head of Finance, Governance & Assurance on 28 June 2013

- 7.1 There has been one significant change to the accounts since the version reported to Audit Committee in June 2013 which relates to the Waste PFI scheme.
- 7.2 It was identified when reviewing the PFI accounting model in 2012 that over the life of the PFI contract, the model would generate an imbalance of £30.3m in the balance sheet. This is the difference between 'Real additions' of £141.8m and 'Nominal additions' of £111.6m and occurred because new asset additions were being added to the finance lease liability on a Nominal basis, whilst the finance lease principal (amount by which the liability is written down by) was calculated on a Real Basis.
- 7.3 Asset data on capital expenditure incurred by Veolia has also been compared to the original contract model and a number of corrections have been identified to the asset values held within the Council accounts.
- 7.4 The Council has worked with Grant Thornton over the course of the summer to re-work the model and therefore re-calculate the transactions relating to the PFI contract within the Statement of Accounts. The effect on the Council's net worth on the balance sheet for these changes is an increase of £6.512m. It has also been agreed that the Waste PFI Prepayments previously shown as an earmarked reserve, will now be included within the Capital Adjustment

Account within Unusable Reserves. All of these changes have been classified as a change in accounting estimate and policy.

7.5 There have been no material changes identified during the audit, however there have been a number of additional disclosures required and minor changes made, all with the agreement of Grant Thornton. The main changes are listed below:

- a) Amendment to accounting treatment of the uncommitted grant balance relating to the Early Intervention Grant (£1.729m). This balance is now held within Usable Reserves rather than Creditors.
- b) Correction to the value of debtors and prepayments due to a misclassification error within Housing Rents (£0.049m).
- c) Other additional disclosures have been included within the Notes to the Core Financial Statement.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Statement of Accounts 2012/13. Audit Committee 21 June 2013.

CIPFA's Code of Practice (Code) on Local Authority Accounting

CIPFA/SOLACE guidance on the Annual Governance Statement

Revenue and Capital Budget 2012/13

Cabinet Member

All

Local Member

All

Appendices

1. Statement of Accounts 2012/13 (Audited) – Hard copy to be held in members library and circulated electronically to members.
2. Annual Governance Statement – Hard copy to be held in members library and circulated electronically to members.