

Report To: Corporate Governance Committee

Date of Meeting: 26th September 2012

Lead Officer: Paul McGrady, Head of Finance & Assets

Report Author: Richard Weigh, Chief Accountant

Title: Approval of the Statement of Accounts 2011/12

1. What is the report about?

The council has a statutory duty to produce a statement of accounts that complies with approved accounting standards. The audited accounts have to be formally approved by elected members on behalf of the council.

2. What is the reason for making this report?

The financial statements for 2011/12 were approved, subject to audit, by the Chief Finance Officer in June 2012. The Accounts and Audit Regulations require that the Council formally approves the audited accounts, containing the external auditor's opinion, by the end of September. The approval of the audited accounts has been delegated to the Corporate Governance Committee.

The Statement of Accounts is produced in compliance with the International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance & Accountancy (CIPFA) produces the IFRS based Code of Practice on Local Authority Accounting and the council has produced the 2011/12 accounts in compliance with the Code.

Compliance with IFRS has been a requirement since 2010/11 and new standards or requirements continue to be introduced. For the 2011/12 accounts, the most notable change was the introduction of a new class of assets called heritage assets. The council has therefore amended its accounting policies and disclosures within the accounts in compliance with the Code of Practice.

The accounts include an unqualified audit opinion and audit certificate.

3. What are the Recommendations?

That elected members approve the Statement of Accounts 2011/12 which is Appendix 1 to this report.

At the meeting, the Chair and Chief Finance Officer will be required to sign the Accounts and the Letter of Representation.

4. Report details

The accounts presented have been produced in compliance with the required accounting standards.

International Financial Reporting Standards are a suite of accounting standards used across the world. IFRS has been developed for the private sector but in theory the vast majority of transactions are the same in accounting terms regardless of the sector. As there are some areas where public sector accounting treatment diverges from IFRS (because for example of legislative requirements), an additional set of standards has been introduced to deal with these provisions called the International Public Sector Accounting Standards.

The accounts were made available for audit as required and have been open to public inspection. The accounts have been audited by the Wales Audit Office who will present an overview of their findings and assessment of the process in a report to the committee.

The audit process resulted in some technical adjustments and other corrections and amendments. More details of these will be presented in the auditor's report.

5. How does the decision contribute to the Corporate Priorities?

The publication of the Statement of Accounts underpins the financial stewardship and governance of the council and therefore supports all council services and priorities.

6. What will it cost and how will it affect other services?

There are no additional cost implications as a result of this report.

7. What consultations have been carried out?

The Wales Audit Office has worked closely with the Finance team to ensure the timely and successful finalisation of the audit.

8. Chief Finance Officer Statement

The Statement of Accounts has again received an unqualified audit opinion. This is a significant achievement given the scale and complexity of the accounts. There was a major exercise in 2010/11 to successfully produce accounts compliant with new international standards and the process of implementing IFRS will continue as additional requirements are introduced. Internal procedures will be reviewed annually to ensure that the council continues to deliver high quality financial statements.

9. What risks are there and is there anything we can do to reduce them?

The council would be in breach of its statutory duty if it could not approve the accounts by 30th September.

10. Power to make the Decision

Section 151 of the Local Government Act 1972 requires that the council has proper financial management arrangements in place. The Accounts & Audit Regulations require that the audited accounts are approved by 30th September.