



AUDIT & GOVERNANCE COMMITTEE

24 June 2013

STATEMENT OF ACCOUNTS 2012/2013**SUMMARY:**

The Chief Finance Officer (and Deputy Director for Business Services) has approved the statement of accounts for 2012/13 as presenting a true and fair view of the county council's financial position as at the 31 March 2013 and its income and expenditure for the year. The accounts are attached at Annex A to this report for Member debate and approval. The committee is asked that these be approved and published, subject to examination by the external auditors.

The draft accounts of the Surrey Pension Fund for the year ended 31 March 2013 are also included at Annex A, as required by the county council's obligations as the administering authority of the fund under the Local Government Pension Scheme Regulations. The pension fund accounts summarise the fund's transactions for the 2012/13 financial year and its position at year-end as at 31 March 2013.

The Annual Report for the authority is also attached at Annex B for consideration by the Committee.

PURPOSE:

1. The 2007 Accounts & Audit Regulations require that the annual statement of accounts produced by local authorities is published by 30 September. This report brings the accounts to this committee, in draft form, for approval before the conclusion of the external audit.
2. The purpose of the statement of accounts is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties information about the council's finances.

BACKGROUND:

3. The statutory (s151) Chief Financial Officer is responsible for the preparation of the Surrey County Council statement of accounts, the pension fund statement of accounts and the firefighters' pension fund accounting statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code).

4. The Code of Practice on Local Authority Accounting (The Code) is a very prescriptive document, and determines not only the accounting policies to follow, but also the form and content of the statement of accounts. The Code is based on International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board. Local authorities have a legal obligation to follow "proper accounting practice", this therefore means that compliance is mandatory.
5. In addition to the Code the Service Reporting Code of Practice (SERCOP) prescribes the format and composition for reporting service income and expenditure in the Comprehensive Income and Expenditure Statement. This is designed to allow comparison of service expenditure and income between authorities.
6. Any significant departure from The Code or SERCOP will normally result in a qualified audit opinion.

CONCLUSION

7. The audit of the accounts by the county council's external auditors, Grant Thornton, has already commenced, which is earlier than previous years. As part of the process the auditors will report to the Chief Finance Officer on the work undertaken and on the technical and substantive issues arising. Any key issues arising from the audit are also taken forward to be reported in the Annual Governance Report to Members, due to be reported to this Committee in September.
8. The Statement of Accounts 2012/13 has been prepared and delivered to the authority in compliance with proper practices. They have been presented to the Audit & Governance Committee to review and have been submitted to Grant Thornton for the conduct of the audit. They will be resubmitted to this committee once the audit has concluded, within the regulatory timeframe for approval and publication of the audited accounts by 30 September 2013.

RECOMMENDATIONS:

9. The county council's annual statement of accounts, including the firefighters' pension accounts, for 2012/2013, as approved by the Chief Finance Officer, and set out in Annex A, be approved.
10. The pension fund accounts, as approved by the Chief Finance Officer, and set out in Annex A, be approved.
11. That pending the completion of the audit and subject to the accounts being re-presented to this Committee in September, the accounts are published.
12. That the Committee note the Annual report, attached at Annex B, and endorse it for publication.

IMPLICATIONS:

Financial

13. There are no direct financial implications of this report, all financial implications in the accounts have been made in line with the Code of Practice and any impact on the 2012/2013 budget has been considered in the outturn report to the Cabinet.

Equalities

14. There are no direct equalities implications of this report.

Risk management

15. There are no direct risk management implications of this report.

<u>WHAT HAPPENS NEXT:</u>

28. If, following the completion of the audit, there are any material changes to the statements to be made, these will be reported to the committee in September.
16. The statements of accounts will also be made available for public inspection and challenge. This year's period for public inspection has been set for the period 24 June to 19 July. The audit of accounts cannot however be formally closed until any issues arising from public inspection have been dealt with. If, as a result of this process, changes are required to the statement of accounts, the revised accounts will be re-presented for committee approval of the changes.
17. When complete, the external auditors will issue an opinion on the accounts and then they will be published.
18. Once the pension fund accounts have approved and audited they will be included in the Pension Fund Annual Report for 2012/13.

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Sources/background papers:

Financial Outturn 2012/13 – Report to Cabinet 28 May 2013.

Statement of Accounts 2011/2012 – Report to Audit & Governance Committee 25 June 2012

The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13
CIPFA

Service Expenditure Reporting Code of Practice 2012/13 - CIPFA

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