

**REPORT TO:** **AUDIT AND GOVERNANCE COMMITTEE**  
**DATE OF MEETING:** **24 SEPTEMBER 2014**  
**REPORT OF:** **Assistant Director Finance**  
**TITLE:** **Statement of Accounts 2013-14**

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

To seek Members' approval and adoption of the Council's Statement of Accounts for 2013-14.

**2. Recommendations:**

**It is recommended that the Audit and Governance Committee approve the audited Statement of Accounts for 2013-14.**

**3. Reasons for the recommendation:**

The publication of a Statement of Accounts is a statutory requirement. In England and Wales, each authority is required to prepare its accounts by 30 June and to approve and publish them by 30 September. Approval of the Council's financial statements and notes to the accounts is therefore in accordance with this statutory deadline.

**4. What are the resource implications including non financial resources**

The audited Statement of Accounts is intended to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements, as at 31 March 2014.

**5. Section 151 Officer Comments:**

This report sets out the final financial position of the Council. It is to be read alongside the ISA 260 Audit findings report from Grant Thornton. The key issues for Members to consider are any findings where management have not agreed to implement the recommendation and to consider any errors that management have chosen not to rectify. At the time of writing, there are no errors which have not been amended, however the audit is ongoing and a verbal report will be made at Committee along with the tabling of the final statement of accounts, if further changes are required.

**6. What are the legal aspects?**

The Statement of Accounts has been prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2011.

The audit of the accounts has been undertaken in accordance with the statutory framework established by section 5 of the Audit Commission Act 1998 for England, by the Council's external auditors, Grant Thornton UK LLP.

## **7. Monitoring Officer Comments:**

The Monitoring Officer has no issues to raise in respect of this report.

## **8. Report Details:**

### **STATEMENT OF ACCOUNTS 2013-14**

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances.

Information contained in the Statement of Accounts will be consolidated into the Whole of Government Accounts.

### **8.1 Presentation of the Statement of Accounts**

The Code of Practice on Local Authority Accounting provides guidance on the format and content of the Statement of Accounts and means that they have to conform to a national standard. In presentational terms the Statement of Accounts will differ from the Council's own management accounts and budget monitoring information circulated to Members.

### **8.2 Main Changes to the Accounts**

The key accounting changes introduced by the Code of Practice on Local Authority Accounting for 2013-14 and in response to the findings of our external auditors are as follows:

- **Local Government Pension Scheme**  
Amendments to IAS 19, Employee Benefits, resulted in changes to the accounting requirements for the defined benefit pension scheme. The information needed to prepare the financial statements, including restated comparatives for 2012-13, have been provided by our actuaries.
- **Business Rate Retention Scheme**  
In April 2013 the Government introduced a new business rate retention scheme, which allowed local authorities to voluntarily form a business rates retention pool. Exeter City Council is part of the Devon pool and changes have been made to reflect the accounting requirements associated with the localisation of business rates.
- **Officer Remuneration**  
The disclosure notes in respect of officer remuneration have been amended to reflect officers that left during the financial year including the former Chief Executive and former Assistant Director Finance, as the annualised salary should be used to determine where the employee is in relation to the disclosure thresholds.
- **Harbour Authority**

A new note to the accounts has been included in respect of the Exe Estuary Harbour. In accordance with the Harbours Act 1964 each local authority that are also harbour authorities are required to prepare an statement of accounts relating to harbour activities.

### **8.3 Audit Findings**

At the time of writing, the findings of our external auditors are as follows:

- **Change of Banking Provider**

The Council changed its banking provider with effect from 1 April 2014. The new accounts were set up in advance of the commencement date and unfortunately income was credited to the new accounts before 31 March 2014. This income was not processed until 1 April 2014, meaning that short-term debtors was overstated by £218k and cash and cash equivalents understated by the same amount, as the income held in the new account was not recognised. This has been resolved and resulted in no net effect to the Balance Sheet.

- **Disclosures**

Disclosure changes in respect of officer remuneration were identified and have been resolved, as set out in para. 8.2.

Additional disclosure requirements were required in respect of the pension scheme and these have been inserted.

A disclosure regarding the joint IT working arrangement with East Devon District Council and Teignbridge District Council was required and this has been resolved via the inclusion of a Post Balance Sheet Event.

- **Presentational**

A number of presentational issues were identified, which have been rectified. These include spelling and casting amendments.

Overall, the amendments to date have had no impact on either the General Fund balance or the Housing Revenue Account balance, which remain as reported to Council in July. The overall financial performance of the Council for 2013-14 was reported to Executive on 15 July 2014 and to Council on 29 July 2014.

### **9. How does the decision contribute to the Council's Corporate Plan?**

The Statement of Accounts set out the financial position at the end of the 2013-14 and the transactions of the Council during 2013-14, both of which help underpin delivery of the Corporate Plan.

### **10. What risks are there and how can they be reduced?**

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Team and Members. There is also a risk of failing to implement key accounting changes in accordance with approved accounting standards, but this is mitigated by the external audit of the Statement of Accounts.

### **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

No impact

**12. Are there any other options?**

No

**Assistant Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

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