

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

15 JUNE 2009

REPORT OF THE HEAD OF FINANCE

1. **STATEMENT OF ACCOUNTS 2008/09**

1.1 Issue for Decision

1.1.1 This report presents the Statement of Accounts for 2008/09 which fulfils the requirements of the Accounts and Audit Regulations 2003.

1.2 Recommendation of the Head of Finance

1.2.1 That the Audit Committee agree to recommend to Council the Statement of Accounts as set out in **APPENDIX A** for the financial year ended 31 March 2009.

1.3 Reasons for Recommendation

1.3.1 The Accounts and Audit Regulations are issued by Central Government under Section 23 of the Local Government Finance Act 1982. They provide not only the rules for the preparation and publishing of Final Accounts but also the duties of the Responsible Financial Officer (RFO) of the Authority.

1.3.2 There are no significant changes to report on the format of the statements in 2008/09 when compared to 2007/08. The Council is required to comply with international financial reporting standards from 2009/10 and work has commenced on the restatement of 2008/09 accounts. An analysis of the requirements and the Council's plans for compliance are reported elsewhere on this agenda.

1.3.3 The Statement of Accounts includes an Income and Expenditure account which shows the revenue position in 2008/09. The Balance Sheet incorporates the impact of capital spend in 2008/09, the position of revenue reserves and usable Capital Receipts.

1.3.4 The major messages from the Statement of Accounts are as follows:-

- (a) Overall fixed assets have increased in value from £60.1m to £63.8m as a result of revaluation and additional expenditure. The analysis of assets on the balance sheet shows the movement of the Council's previous office accommodation from operational land and buildings to surplus assets for resale.

- (b) Long term investments have reduced from £9.3m to £5m following the re-categorisation of £6m of investments to short term, due to maturity dates within the next twelve months, and the completion of a new long term investment of £2m.
- (c) Current investments have reduced from £16.9m to £13.9m. This is as a result of planned use of capital receipts to fund capital expenditure. Set off against this is the re-categorisation of the long term investments detailed above. It should be noted that the total investment portfolio at the end of 2008/09 is £18.9m compared to £26.2m at the end of 2007/08.
- (d) Current liabilities have remained consistent however there is an increase in unapplied government grant due to the receipt of growth point grant funding and a reduction in sundry creditors.
- (e) Based on the information provided by the Actuary for 31st March 2009, the pension reserve has increased in deficit from £28m to £38m. The major impact on the deficit comes from actuarial losses of £8m over the year. As detailed in a previous report to the Audit Committee the actuarial loss represents the Actuaries short term view on the value of the pension funds assets and differs from the three yearly, long term actuarial evaluation. In the preceding two years the reserve has benefited from actuarial gains.
- (f) The usable capital receipts reserve has reduced from £13.9m to £8.3m as a result of the utilisation of capital receipts to finance the capital programme.
- (g) The general fund balance has reduced from £8.3m to £7.3m. This is in line with previous decisions by Cabinet and Council. The balance on the collection fund is now only £0.1m compared to £0.4m. The value of £0.02m stated on the balance sheet represents only the proportion of the collection fund balance that is attributable to the Council. The remaining balance is reported as a creditor to the precepting authorities elsewhere on the balance sheet.

1.3.5 The Statement of Accounts includes the Annual Governance Statement which has been considered and approved in a previous report to Cabinet and the Audit Committee. The Audit Committee and Council are asked to agree the Statement of Accounts on the basis of the assurances contained in the Annual Governance Statement and the additional assurance resulting from the agreement at this Audit Committee meeting that the Internal Audit function is effective.

1.3.6 The Audit Committee will note that the Statement of Accounts includes details of Related Party Transactions which, in part, are based upon

returns from Councillors. The details included are based upon a complete set of returns and there are no follow up actions required for 2008/09.

1.3.7 The audit of the accounts is to commence on 13 July 2009 and the External Auditor expects to formally issue his report to Members in good time to meet the Authority's statutory timetable.

1.4 Alternative Actions and why not Recommended

1.4.1 None.

1.5 Impact on Corporate Objectives

1.5.1 None.

1.6 Risk Management

1.6.1 The early closure of the Accounts and the speedy reporting of the Statement of Accounts for Council agreement show a high level of financial management by the Council. This is part of the overall risk strategy for dealing with budgetary control and use of resources.

1.7 Other Implications

1.7.1 Financial	<input checked="" type="checkbox"/>
Staffing	<input type="checkbox"/>
Legal	<input type="checkbox"/>
Social Inclusion	<input type="checkbox"/>
Considerations for Disabled Persons	<input type="checkbox"/>
Environmental/Sustainable Development	<input type="checkbox"/>
Community Safety	<input type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Procurement	<input type="checkbox"/>

1.7.2 The Statement of Accounts is a factual statement of the financial affairs of the Authority for 2008/09.

Background Documents

