

AUDIT COMMITTEE

11 MARCH 2014

STATEMENT OF ACCOUNTS 2013/14

REPORT OF CHIEF FINANCE OFFICER

Contact Officer: Liz Keys Tel No: 01962 848226 email: LKeys@winchester.gov.uk

RECENT REFERENCES:

AUD056: Statement of Accounts 2012/13, 12 March 2013

EXECUTIVE SUMMARY:

The purpose of this report is to update the Committee on the changes that are required to the Statement of Accounts for 2013/14.

Legislation requires that the pre-audit Statement of Accounts is signed by the Chief Finance Officer by 30 June, and that the audited Statement of Accounts is approved by Members, by 30 September, annually.

The Audit Commission will undertake its "pre-statement" work in April and conduct the main audit work in August.

RECOMMENDATION:

That the Audit Committee notes the proposed changes to the Statement of Accounts for 2013/14.

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REPORT OF THE CHIEF FINANCE OFFICER

1. Introduction

- 1.1. The purpose of this report is to advise the Audit Committee of the statutory changes required in the presentation of the Statement of Accounts for 2013/14.

2. Changes to the Statement of Accounts

- 2.1. The Statement of Accounts is prepared in accordance with “proper practices” as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations. This year, the Code requires only a few changes to be made to the Accounts. Further detail of the impact of these on the Council’s accounts follows.

2.1.1. Post-employment benefits

International Accounting Standard (IAS) 19 ‘*Employee Benefits*’ was revised in June 2011, making a number of changes to the accounting arrangements for employee benefits, ahead of a comprehensive future review of the Standard. The changes were designed primarily to provide better information about post-employment benefit promises. They largely leave accounting policies untouched, but there are some changes to presentation and disclosure requirements.

There are no substantial changes to Short-Term Employee Benefits and Other Long-Term Employee Benefits. Instead the focus is on:

- Termination Benefits – there has been a change to the principles for recognising termination benefits, which might mean an earlier or later recognition date than under the previous rules.
- Post-Employment Benefits – the elements of the movement on the net pensions’ liability have been re-jigged and the disclosure notes revised comprehensively to focus more on the risk to which the authority is exposed by pensions arrangements and the sensitivity of assumptions.

2.1.2. Accounting for business rates retention

Billing authorities act as agents, collecting non-domestic rates (NDR) on behalf of the major preceptors and central government and, as principals, collecting rates for themselves. NDR transactions and balances are therefore allocated between the billing authority, major preceptors and central government, applying agent and principal treatments as appropriate.

While there remains a single Collection Fund, billing authorities are required to separate the elements relating to council tax and NDR and calculate separate surplus and deficits on each.

For NDR, top-ups and tariffs along with safety net and levy payments are made directly to / from the General Fund and do not impact upon the Collection Fund.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of NDR collected could be less or more than predicted. The effect of any bad debts written off or movement in the impairment allowance is also shared proportionately.

- 2.2. The Council's accounting policies have been reviewed and no changes are currently expected to be made.

OTHER CONSIDERATIONS:

3. COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 3.1. Preparation of the Statement of Accounts is fundamental to the operation of the Council. Achieving corporate priorities must go in hand with accounting for how the Taxpayer's money has been spent.

4. RESOURCE IMPLICATIONS:

- 4.1. These are covered within the report.

5. BACKGROUND DOCUMENTS:

None