

ANGUS COUNCIL - 5 NOVEMBER 2009

ANGUS COUNCIL ANNUAL ACCOUNTS 2008/09

JOINT REPORT BY THE CHIEF EXECUTIVE, THE DIRECTOR OF CORPORATE SERVICES AND THE HEAD OF FINANCE

ABSTRACT:

This report asks the Council to formally note the 2008/09 Annual Accounts including the Audited Accounting Statements for Angus Council. The report also advises members of the intention to publish a summarised version of the accounts and seeks approval of further carry forwards under the terms of the budget virement flexibility scheme.

1 RECOMMENDATION

The Council is asked to:-

- (i) agree to refer this committee report to the Scrutiny & Audit Sub Committee for their interest;
- (ii) note the [attached 2008/09 Annual Accounts](#) for Angus Council which will be published shortly after the Council meeting;
- (iii) note that a [summarised version of the 2008/09 Annual Accounts](#) will be published for circulation in the county;
- (iv) note the £2.319 million of 100% carry forwards approved through committee report 114/09 (£1.666m to departmental revenue budgets and £0.653 million to special funds);
- (v) approve amended 100% carry forward requests totalling £0.137 million for Education and Environmental Management.
- (vi) approve that £0.508 million of 50% carried forwards by departments from 2008/09 to 2009/10 under the terms of the budget virement flexibility scheme.

2 INTRODUCTION

- 2.1 The Council is required by law to prepare a set of Accounting Statements (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of Finance and his team on a draft basis and are subsequently submitted to an External Auditor appointed by the Controller of Audit for independent review.
- 2.2 The Council's draft Accounting Statements for financial year 2008/09 were approved by the Council at its meeting on 25 June 2009 for submission to the Controller of Audit for subsequent audit by the council's appointed external auditors. Henderson Loggie were appointed for the five year period beginning 2006/07 as the external auditors of Angus Council.
- 2.3 Through their external audit role Henderson Loggie:-
 - o provide an opinion on the financial statements in accordance with relevant legal and regulatory requirements and international standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission;

- review and report on the Council and its group corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and the Council's financial position;
- review and report on the Council's arrangements to manage its performance, as they relate to economy, efficiency and effectiveness in the use of resources and in securing Best Value; and
- review and report on whether the Council has made adequate arrangements for collecting, recording and publishing prescribed performance information.

3 EXTERNAL AUDIT REVIEW

Financial Statements

- 3.1 The Council achieved the statutory deadline for the submission of its draft accounts for audit (30 June 2009). The statements presented for audit had been prepared using the format introduced by the 2008 Statement of Recommended Practice (SORP). **The audit was completed with the issue of an unqualified audit opinion on 29 September 2009.** A copy of the Annual Accounts 2008/09 is attached to this report.

Report To Members

- 3.2 The purpose of the auditor's report is to briefly summarise all significant matters which have arisen during the course of the audit which are considered worthy of Members' attention. The Report to Members is addressed through a separate report on this Council agenda.

4 2008/09 ANNUAL ACCOUNTS (INCLUDING AUDIT CERTIFICATE)

- 4.1 The Council is asked to note the 2008/09 Annual Accounts and to formally acknowledge the content of the 2008/09 Audited Accounting Statements and the issue of the Audit Certificate with no qualifications, which means that the auditor is satisfied that the Council has operated a satisfactory standard of financial stewardship during 2008/09.
- 4.2 Although they are compliant with law and applicable standards the Council's Accounts are complex and detailed and do not therefore lend themselves to review by most local citizens. In order, therefore, to present information on the financial performance of the council in a more easily understood format the summarised version of the accounts will be published. The leaflet will be distributed at the Council meeting. The summarised accounts will be held at public access points of the council and distributed to recipients of the full Annual Accounts. It should be noted that publication of the accounts in this summarised form has been recommended by the Local Authority Accounts (Scotland) Advisory Committee (LAASAC).
- 4.3 Through the audit process a number of adjustments were made to the draft accounts submitted in June 2009. These were agreed between the External Auditor and the Head of Finance. The impact of these adjustments was to revise a deficit of £0.098 million on the Income and Expenditure Account per the draft accounts to a surplus of £1.042 million as follows: -

	£ million	£ million
Income and Expenditure Deficit (Draft Accounts)		(0.098)
<u>Audit Adjustments</u>		
Landfill Tax Refund	0.873	
Interest Payable / Receivable	0.452	
Release From Deferred Grants	(0.204)	
Gain On Disposal Of Assets	0.019	1.140
		<hr/>
Income and Expenditure Surplus (Audited Accounts)		<hr/> 1.042 <hr/>

4.4 It should be noted that only the landfill tax refund adjustment has an impact on the council's total General Fund balance (including HRA and other earmarked funds), the other adjustments being book entries which do not effect the General Fund balance. The £2.271 million decrease in the balance per the draft accounts has thus been reduced by £0.873 million to a £1.398 million General Fund balance decrease. The adjusted total General Fund balance at 31 March 2009 was, therefore, £19.978 million of which £18.062 million was in relation to General Fund balances, £1.174 million Housing Revenue Account and £0.742 million other earmarked funds.

4.5 The General Fund balance of £18.062 million included total commitments of £15.318 million e.g. DSM, contingency balance, budget carry forwards, earmarked resources, etc. This leaves an uncommitted General Fund balance at 31 March 2009 of £2.744 million.

5 VIREMENT FLEXIBILITY BETWEEN 2008/09 & 2009/10

5.1 Committee report 114/09 approved 100% carry forwards totalling £2.319 million based on anticipated revenue budget outturns at that time (£1.666 million revenue budget carry forwards to 2008/09 and £0.653 million of transfers to Special Funds). However based on the actual 2008/09 financial outturn for Social Work & Health the transfer to the Special Funds has been reduced by £0.320 million to £0.333 million.

5.2 This report seeks approval for increased 100% carry forwards to 2008/09 in respect of projects for Education (Angus Special Schools, Hungry For Success and PPP) and Environmental Management (Strategic Waste Fund) totalling £0.137 million. These carry forwards were previously approved in report 114/09 based on the anticipated revenue budget outturns at that time. The increased sum reflects the increased underspends that have occurred at the financial year end and have been recommended for approval by the Head of Finance.

5.3 The Council's annual accounts for 2008/09 identified a number of departmental revenue budget underspends. Under the terms of the virement flexibility scheme, departments are permitted to carry forward the lower of 50% of this underspend, or an upper limit. The proposed 50% carry forward amounts in accordance with the scheme are set out in Table A below.

TABLE A – BUDGET CARRY FORWARDS 2008/09 TO 2009/10

Department	Controllable (Over)/ Underspend £ 000	50% Underspend £ 000	Upper Limit £ 000	Carry Forward £ 000
Education	199	99	250	99
Social Work & Health	0	0	250	0
Infrastructure Services	308	154	175	154
Neighbourhood Services	0	0	0	0
Corporate Services	632	316	175	175
Chief Executive	160	80	100	80
TOTAL				508

- 5.4 Both the 100% and 50% carry forwards will provide departments with valuable flexibility in managing their 2009/10 budgets.

6 ACKNOWLEDGEMENT

- 6.1 The Council is asked to formally record its appreciation of the expeditious manner in which the 2008/09 audit was conducted by the External Auditors. The support and assistance provided by staff throughout the council in the successful delivery of an unqualified Audit Certificate is also gratefully acknowledged.

7 FINANCIAL IMPLICATIONS

- 7.1 The revenue budget 100% carry forward to 2009/10 identified in committee report 114/09 was £2.319 million. This needs to be reduced by £0.320 million as a result of year end departmental outturns as set out in section 5 reducing the approved 100% carry forward amount to £1.999 million.
- 7.2 Approval is now being sought to increase this by £0.137 million in respect of changes to the 100% carry forward requests already approved from Education and Environmental Management and £0.508 million for the 50% carry forward amounts set out in section 5. These approvals will result in a total sum being carried forward to 2009/10 and transferred to Special Funds of £2.644 million (£1.999 + £0.137 + £0.508 million).
- 7.3 The cost of producing the Annual Report and Accounts and summarised Annual Accounts is estimated to be £4,000. This cost can be contained in the 2009/10 Miscellaneous Other Services revenue budget held for this purpose.

8 HUMAN RIGHTS IMPLICATIONS

- 8.1 There are no Human Rights implications pertaining to this report.

9 EQUALITIES IMPLICATIONS

- 9.1 This report is exempt for completion of an equalities impact assessment because of its technical nature.

10 CONSULTATION

10.1 The Head of Law and Administration has been consulted on the contents of this report.

11 CONCLUSION

11.1 The Council met the deadline of submitting its Accounts by the due date of 30 June 2009 and has been provided with an unqualified audit certificate by the external auditors (Henderson Loggie). The Annual Accounts and Summarised Accounts will now be published.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing this report.

David S Sawers
Chief Executive

Colin McMahon
Director of Corporate Services

Ian Lorimer
Head of Finance

IL/SJM/GW
23/10/09