

Chichester District Council

CORPORATE GOVERNANCE AND AUDIT COMMITTEE 19 September 2013

Statement of Accounts for 2012-13

1. Contact(s)

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2. Recommendation

2.1. That the Statement of Accounts shown in Appendix 1 for the financial year ended 31 March 2013 be formally adopted.

2.2. That the Letter of Management Representation shown in Appendix 2 is agreed.

3. Main Report

3.1. Introduction

3.1.1 The Accounts and Audit Regulations 2011 set out the requirements for the production and publication of the annual Statement of Accounts. These regulations require that the following procedures are adhered to for the approval and publication of the annual accounts:

- No later than 30 June following the financial year end the responsible financial officer must certify the Statement of Accounts before they are passed to the auditor.
- The responsible financial officer must re-certify the presentation of the Statement of Accounts before member approval is given.
- The Statement of Accounts must be published with the audit opinion and certificate, and before must have been approved by members. The Council must also secure approval and publication by no later than 30 September.

3.1.2 The District Treasurer, the Council's responsible financial officer, certified the draft Statement of Accounts as authorised for issue on 28 June 2013. The draft statements were then passed to the Council's external auditors, Ernst & Young LLP. The draft Statement of Accounts was also placed on deposit for public inspection for the period 8 July 2013 to 2 August 2013.

3.1.3 Ernst & Young LLP commenced their audit in July and at the time of writing this report are currently in the final stages of completing their audit work. Whilst the

audit has been undertaken over a much longer period of time than in previous year's, the audit has gone well with only the significant changes identified in paragraph 3.3 being necessary to the accounts presented in June, and required to be brought to the attention of members. It is anticipated that Ernst & Young LLP will issue their unqualified opinion on the accounts before the end of September. The Audit Director will be presenting his audit findings to the committee ahead of this report.

- 3.1.4 At the request of members, finance officers presented the Draft Statement of Accounts to this Committee at its meeting in June. The officers navigated members through the principal statements and answered questions raised by the Committee. The focus of this report is only on significant issues or changes that have arisen as a result of the audit.

3.2. The Statement of Accounts

- 3.2.1 The Statement of Accounts, as defined in the regulations and specified in the relevant sections of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Accounting Code of Practice comprises:

- An explanatory foreword
- Statement of Responsibilities for the Statement of Accounts
- The accounting statements
- A statement of accounting policies
- Notes to the accounts.

The Council's audited Statement of Accounts for approval is attached in Appendix 1. Interpretation of the accounts highlighting key issues is contained within the explanatory foreword of the Statement of Accounts.

3.3. Changes to the accounts arising as a result of the audit

- 3.3.1 The Audit Director will be attending the committee meeting to present the Audit Results report to members. As a result of the audit, two additional disclosures and a number of presentational errors were identified that have been agreed by management and reflected in the Statement of Accounts:

- a) Prior period adjustment relating to the accounting treatment of Westgate Leisure and Chichester Contract Services

The 2011-12 comparative year on the Comprehensive Income and Expenditure Statement has been restated to reflect the inclusion of Westgate Leisure and Chichester Contract Services within the Gross Expenditure and Gross Income headings. Previous to 2012-13, these trading operations of the Council were shown net. Only the comparatives for Westgate Leisure impact on the figures presented in the Comprehensive Income and Expenditure Statement. The draft accounts presented to the committee in June reflected this change; however a prior period adjustment disclosure note was omitted.

b) Prior period adjustment relating to the valuation of the leisure centres at Westgate and Selsey

The 2011-12 comparative year on Note 8, Property Plant and Equipment has been restated to correct the opening balances for Cost or Valuation, and Accumulated Depreciation and Impairment for the Westgate Centre land and the Selsey Community Leisure Centre. In 2009-10 an impairment transaction was disclosed in the accounts in error. This change in asset value should have been reflected as a revaluation loss not as an impairment. This change has no effect on the net book value of the assets; therefore the balance sheet has not changed.

The prior period adjustment disclosures required can be found in Note 38 on page 85 of the Statement of Accounts.

c) Cash Flow Statement

A number of presentational errors have been identified for the analysis of cash within the Cash Flow Statement. At the time of writing this report the audit of the Cash Flow Statement is not yet complete. The misstatements identified so far have no effect on the movement in cash and cash equivalents in the reporting period or the balance at the end of the year. If any further amendments are necessary a revised Cash Flow Statement will be tabled at the committee meeting.

3.4. Letter of Management Representation

3.4.1 The Letter of Management Representation is issued by the Council to its external auditor as audit evidence, and is used so that the Council's management can declare in writing that the financial statements and other information presented to the auditor are sufficient and appropriate and without omission of material facts to the best of the management's knowledge.

3.4.2 The Letter of Management Representation for the period ended 31 March 2013 is shown in Appendix 2. Members of this committee are requested to agree the letter, and authorise the District Treasurer (the Council's Responsible Finance Officer) and the Chairman of the committee to sign the letter on behalf of the Council.

4. Appendix

4.1. Appendix 1 – Statement of Accounts 2012-13

4.2. Appendix 2 – Letter of Management Representation

5. Background Papers

5.1. None.