

## Audit Committee

28 July 2011



## Statement of Accounts for the year ended 31 March 2011

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**Don McLure, Corporate Director Resources**

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### Purpose of the Report

- 1 To present to Members the Statement of Accounts for the year ended 31 March 2011.

### Background

- 2 The 'Accounts and Audit Regulations 2011' have introduced revised procedures for the production and publication of the annual Statement of Accounts.
- 3 Approval of the Statement of Accounts is a two stage approval process; the first stage is in June. The Regulations now require that the responsible financial officer, by no later than 30 June 2011, signs and certifies that the Statement of Accounts presents a true and fair view of the financial position of the County Council for the year to 31 March, subject to the views of the External Auditor.
- 4 The second stage, as set out in the Regulations, requires that on or before the 30th September, approval needs to be given to the Statement of Accounts by resolution of a committee, which for Durham County Council is the Audit Committee. This approval will take into account the views of the External Auditor. This is done so that the Statement of Accounts can then be published.
- 5 The Statement of Accounts is subject to audit by the Audit Commission. The audit of the accounts is ongoing. On completion, the auditor's report will be incorporated into the published version of the document.
- 6 The attached Statement of Accounts is the statutory published accounts for the County Council.

### Statement of Accounts

- 7 The Statement of Accounts for the financial year 2010/11 is prepared in accordance with the 'Accounts and Audit Regulations 2003', as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and 2009, the 'Accounts and Audit (England) Regulations 2011 and the 'Code of Practice on Local Authority Accounting 2010/11' (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 8 The Code is based on approved accounting standards. In England and Wales, the local authority Code constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The County Council is therefore legally required to follow this Code of Practice. Explanatory notes are included in the document to assist in the interpretation of the accounts, which are unavoidably technical and complex.
- 9 The Statement of Accounts for 2010/11 is the first to be prepared on an International Financial Reporting Standards (IFRS) basis. IFRS has required changes to the format of the main financial statements and has increased the number of disclosure notes. It has also led to the restatement of various balances, resulting in changes in the amounts presented in the Statement of Accounts from the equivalent balances presented in 2009/10. Although the changes have an impact on the content and format of the accounts, they are technical accounting changes that do not have a material impact on the financial performance of the County Council.
- 10 The Statement of Accounts also includes the accounts for Durham County Council Pension Fund for which the County Council is the Administering Authority.
- 11 To help Members in reading and interpreting the contents, Appendix 2 to this report briefly explains the purpose of each section of the Statement.

### **Recommendation**

- 12 Audit Committee consider the attached Statement of Accounts for the County Council for the financial year ended 31 March 2011.

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p/r/ha03-11  
19 July 2011

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## **Appendix 1: Implications**

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### **Finance**

This report details the financial position of the County Council as at 31 March 2011.

### **Staffing -**

None

### **Risk -**

None

### **Equality and Diversity / Public Sector Equality Duty -**

None

### **Accommodation -**

None

### **Crime and Disorder -**

None

### **Human Rights -**

None

### **Consultation -**

None

### **Procurement -**

None

### **Disability issues -**

None

### **Legal Implications -**

None

## Appendix 2: Statement of Accounts - Summary and Explanation

Item	Pages	Explanation of Purpose and Content
Explanatory Foreword	3	Summary of the most significant matters reported in the accounts, and the overall financial position of the County Council.
Independent Auditor's Report to Durham County Council	29 - 34	Once the Audit is completed the Auditor's report will be included.
<b>Durham County Council Core Financial Statements</b>		
Movement in Reserves Statement	35 – 36	This statement is a summary of the changes that have taken place in the bottom half of the balance sheet over the financial year. It shows the movement in reserves held by the County Council analysed into 'usable' reserves and 'unusable' reserves
Comprehensive Income and Expenditure Account (CIES)	37	The CIES is in two sections. The first section is very similar to the Income and Expenditure Account under the SORP and shows the surplus or deficit on the cost of services. The second section is very similar to the STRGL under the SORP and shows any changes in the net worth that have not been reflected in the cost of services.
Balance Sheet	38	Shows the financial position of the County Council at 31 March 2011.
Cash Flow Statement	39	Summarises the inflows and outflows of cash arising from transactions with other parties for revenue and capital purposes.
Notes to the Core Financial Statements	40 - 101	Gives further explanation to the core financial statements. They aim to assist in understanding by presenting information about the basis of preparation of the core financial statements and show the policies and procedures adopted in compiling the Accounts.
<b>Durham County Council Group Financial Statements</b>	102 - 114	Gives an overall understanding of the County Council's economic activities and financial position by including in Group Financial Statements other entities over which the County Council has the ability to exercise control.
<b>The Housing Revenue Account (HRA)</b>	115 - 119	Records revenue expenditure and income relating to the Authority's housing stock. It is a statutory ring-fenced from the General Fund. It ensures that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants.
<b>Collection Fund</b>	120 - 123	It is a statutory requirement for a billing authority to establish and maintain a separate fund for the collection and distribution of amounts in respect of council tax and National Non-Domestic Rates

<b>Item</b>	<b>Pages</b>	<b>Explanation of Purpose and Content</b>
<b>Durham County Council Pension Fund Accounts</b>	124 – 153	Full accounts and notes relating to Durham County Council Pension Fund to provide information about the financial position, performance and financial adaptability of the Fund.
<b>Statement of Responsibilities for the Statement of Accounts</b>	154	Sets out the responsibilities of the County Council and the Corporate Director Resources for the Statement of Accounts.
<b>Annual Governance Statement</b>	155 - 166	Gives assurance that appropriate mechanisms are in place for the maintenance of good governance across the activities of the County Council.
<b>Glossary of Terms used in the Accounts</b>	167 - 178	To help the reader understand terminology used in the Statement of Accounts.