

**MANCHESTER CITY COUNCIL  
REPORT FOR RESOLUTION**

Committee: Audit Committee – 24 June 2010  
Subject: Annual Accounts 2009/10  
Report of City Treasurer

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**Purpose of the report.**

To report the 2009/10 Annual Accounts to the Committee for the purpose of robust scrutiny and to seek its approval of them, and to the Annual Governance Statement included therein as required by the Accounts and Audit Regulations.

**Recommendations.**

1. The Committee is asked to approve the 2009/10 Annual Governance Statement.
2. The Committee is asked to approve the 2009/10 Annual Accounts subject to Executive giving approval to the contributions to provisions and reserves contained within the accounts.
3. To exercise urgency powers under Paragraph 1 of the General Terms of Reference of Committees in respect of the above decision on the grounds that the legal and financial position of the Council will be prejudiced if approvals were not finalised before 30 June 2010, there being no Council Meeting prior to 30 June.

**Financial consequences for the revenue budget.**

This report contains details of expenditure incurred in 2009/10.

**Financial consequences for the capital budget.**

None.

**Contact officers.**

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**Background Documents.**

Working Papers - 2009/10 Consolidation Files (Room 606)

**Implications for:**

Anti Poverty	Equal Opportunities	Environment	Employment
No	No	No	No

**Introduction.**

1. This report sets out the background to the requirement for Members to approve the Annual Accounts together with brief notes on the statements within the accounts.

**Requirement for approval.**

2. The Accounts and Audit Regulations issued by the Department for Communities and Local Government set out the requirements for the production and publication of the annual Statement of Accounts.
3. These regulations include a requirement that the full Council or a Committee of Members should approve these Statements prior to their publication and audit. This is not an Executive function. The approval, for the 2009/10 accounts, must be within three months of the financial year-end i.e. by 30 June.
4. An additional requirement in the regulations is that the Chair of the Committee that approves the accounts should sign the accounts when they have been approved.
5. If the audit of the accounts results in any material amendment this has to be reported to the same group of Members as soon as practicable after receipt of the auditor's report.
6. International Standard on Auditing (ISA) 260 requires that any unadjusted non-trifling misstatements found during the audit of the accounts have to be reported back, by the Auditor, to the Audit Committee to seek written representations for not adjusting the accounts. This meeting has to take place before the audit opinion is issued. If a report is required it will be submitted to the Committee in September.
7. The Annual Governance Statement, which is included within the accounts, is to be approved specifically and separately by the Committee, which approves the accounts. Audit Committee at its meeting on 3 June considered a report containing the draft Governance Code and Annual Governance Statement and supporting assessment of Manchester's performance against the code, which was overseen by the Strategic Management Team. The Annual Governance Statement has identified areas where further improvements need to be made and where the Council will need to focus its efforts during 2010/11. These have been set out in the programme for improvement at the end of the statement. As a result the Annual Governance Statement has been completed

and signed by the Leader of the Council and the Chief Executive. Members are requested to approve this Statement.

**Statement of Accounts.**

8. The Statement of Accounts contains the following sections: -

Foreword that sets out the background to the financial year with a summary of the outturn position.

Statement of Accounting Policies that indicates the compliance with the Accounting Code of Practice and policies adopted for the preparation of the accounts.

The Statement of Responsibilities for the Statement of Accounts that sets out the responsibilities of the City Treasurer.

Income and Expenditure Account that details the net cost for the year for all functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

Statement of Movement on the General Fund Balance that reconciles the outturn on the Income and Expenditure Account to take account of the statutory provisions that specify the net expenditure that the Council has to take into account when setting local taxes. This statement shows the General Fund Reserve carried forward.

Statement of Total Recognised Gains and Losses brings together all gains and losses of the Council for the year and shows the aggregate change in its net worth.

Balance Sheet that sets out the financial position of the Council at 31 March 2010 and provides analysis of balance sheet transactions.

Cash Flow Statement that shows the analysis of cash movements on revenue and capital during the year

Notes to the accounts as required by the Statement of Recommended Practice.

Housing Revenue Account that contains a summary of expenditure and income for the HRA together with the required notes.

Collection Fund that details the income received and expenditure incurred together with required notes.

Group Accounts that consolidate the accounts of the Council with its subsidiaries, associates and joint ventures. This contains a group revenue

account, group balance sheet, group cash flow and group statement of total recognised gains and losses together with related notes.

The Annual Governance Statement which summaries the authority's review of the effectiveness of its overall governance arrangements including its system of internal control.

**Key issues in the Statement of Accounts.**

9. The overall general fund outturn shows a call on general reserves of £3.238m, resulting in a general reserve of £23.025m. This is an underspend compared to the original budget of £2,696,000 and an underspend of £1,748,000 compared to the revised budget. Overall underspends on corporate costs, debt charges and increased dividends have meant it has been possible to make provision for known liabilities whilst maintaining reserves to meet significant future costs at a reasonable level.
10. Issues have been addressed early with the External Auditors and time has been available for a review of the accounts. More details were reported in Grant Thornton's interim accounts report to Audit Committee on 3 June.
11. The accounts will be available for public inspection from 21 July to 18 August.
12. The audit of the accounts will commence shortly and the Auditor expects to issue the formal report in September.

**Recommendations.**

13. Members are recommended to approve the Statement of Accounts for the year ended 31 March 2010.