

Cumbria Police Authority

27 July 2005
Agenda Item No. ...6

Statement of Accounts 2004-05

A Report by the Treasurer and Chief Constable

1. SUMMARY

- 1.1 Attached to this covering note is the Police Authority Statement of Accounts for the financial year 2004-05. The document provides a comprehensive analysis of both revenue and capital expenditure incurred during the financial year, plus a balance sheet as at 31 March 2005, which shows the overall financial position of the Authority at that date. There are a number of implications for members relating to the Authority's final accounts arising from the 2003 Accounts and Audit regulations and new reporting requirements, which are set out below for members' information.
- 1.2 The Audit and Performance Committee has been delegated the responsibility for approving this Statement of Accounts by the full Authority.

2. RECOMMENDATION

- 2.1 Members are recommended to approve the Statement of Accounts as submitted for Audit to allow the Chairman of the Authority to certify the accounts in accordance with paragraph 3.2 below.

3. DETAIL

- 3.1 The attached Statement of Accounts is the formal accounting document used by the District Auditor, which allows him to express an audit opinion on the Authority's accounts and overall financial position. The 2003 Accounts and Audit Regulations (as previously presented to members of the Audit and Performance Committee) require the Authority to formally approve the statement by 31 July 2005. The accounts for 2005-06 must be approved by 30 June 2006, representing the third year in which the timeframe available to approve final accounts has been reduced. There are no current plans to reduce further the reporting timeframe for annual accounts. The annual audit is currently taking place, although it has not concluded and, accordingly, the Audit Certificate is unsigned at this stage. The Accounts and Audit regulations require that a further report be presented to the Authority in the event that any material amendments are necessary as a result of the audit.
- 3.2 The Accounts and Audit Regulations require the attached Statement of Accounts to be signed by the Chairman of the Authority after having been approved by members. This change is designed to improve members' ownership of the finances of the Authority.

- 3.3 The Statement of Accounts shows final net expenditure for 2004-05 amounting to £85.190m, after appropriations to reserves, which is £0.410m inside the approved budget. The traditional year end financial report is set out elsewhere on this agenda, which formally seeks approval to make appropriations to a number of earmarked reserves.
- 3.4 The effect of the spending in 2004-05, as summarised above, has increased the Authority's general balances to £2.995m (or 3.4% of the 2005-06 budget) as at 31 March 2005. This is broadly in line with prudent levels of balances Authorities are advised to keep.
- 3.5 Members will note that the Statement of Accounts contains the required Statement of Internal Control (SIC). Its form of presentation in the accounts is dependent on Members' approval of a separate report by the Authority's Internal Audit team, setting out its view as to whether the SIC is compliant with current guidance and is supported by proper evidence in relation to the assertions made. That report is set out elsewhere on this agenda. Members will also be aware, not least from the 2003-04 Statement of Accounts, that the application of Financial Reporting Standard (FRS) 17 substantially alters the shape of the Authority's final accounts, especially the Authority's balance sheet. To briefly remind members, the guiding principal of FRS17 is that organisations should take account of the cost of retirement benefits when they are created, even if they will not be paid for many years in the future. The effects of FRS 17 are much more profound on the police pension scheme, which currently operates on a 'pay as you go' basis. However, the future liabilities, calculated in accordance with FRS17, are subsequently netted off to specific pensions reserves to ensure that the identified liabilities do not increase the current calls on Council Tax payers.
- 3.6 Finally, it is appropriate this year to recognise and acknowledge the input by the finance team to producing the attached statement, which includes some additional reporting requirements, against a background of the shorter reporting period, the prevailing resource issues within the finance team and unavoidable absences from the workplace.

Douglas Thomas
Treasurer

Michael Baxter
Chief Constable

Attachment

Statement of Accounts 2004-05

Contact points for further information

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