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ASSOCIATION OF  
GREATER MANCHESTER  
AUTHORITIES.

**STATEMENT OF ACCOUNTS**  
**2006/07**



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# FOREWORD by the Treasurer

## Introduction

I am pleased to introduce the Association's Statement of Accounts. This foreword provides an overview of the significant financial matters in the accounts for 2006/07.

The Association sets general policies for carrying out certain county-wide functions. These either arose from the requirements of the 1985 Act (which was with particular reference to Section 48 grants) or from creating central units, under a Lead District, to carry out more efficient provision of certain services on a continuing county-wide basis.

The Association, through its Executive, approves the budget for these functions and determines policy. Most Units produce a year end report for the Executive in support of their final accounts Income and Expenditure return.

The Statement of Accounts forms part of the Associations financial reporting arrangements. However it is necessary, in reading this statement of accounts to appreciate that whilst it has been prepared in line with accounting requirements its information does not relate, in operational practice, to the way AGMA Units are managed. Each AGMA function is managed separately within its own authority on behalf of the AGMA partnership. Individual budgets are set by the AGMA partnership, which also manages financial performance.

## AGMA

AGMA (the Association of Greater Manchester Authorities) was formed after the abolition of the Greater Manchester Council in 1986. The 1985 Local Government Act devolved power to local areas but also recognised that there were some functions that needed to be co-ordinated at a metropolitan level. AGMA was formed to undertake these functions.

The Association is a partnership between the ten local authorities within the Greater Manchester area. These ten authorities co-operate on a number of issues, both statutory and non-statutory, where there is the possibility of improving service delivery by working together.

To further increase partnership working, AGMA invited unitary local authorities from the surrounding areas to join AGMA as associate members. Blackburn with Darwen, Blackpool and Warrington Councils responded positively to this invitation.

## AGMA Units

AGMA funds a number of Units and functions, which have been created under a mix of statutory regulation and partnership agreements. Many of these developed from the dissolution of Greater Manchester County Council, and are bound by the AGMA Constitution, signed up to by AGMA member authorities. These cover a range of functions where joint provision benefits the ten local authorities and are based in various locations across Greater Manchester.

## **FOREWORD by the Treasurer (Cont.)**

### **Revenue Expenditure in 2006/07**

Revenue expenditure and income covers items that are used up during the financial year. The net spending on this account is financed from contributions made by the constituent Councils to the Association's individual Units and other miscellaneous income received by the Units.

During the year the Units produced a deficit of £38,551 which when deducted from the surplus brought forward at the 1<sup>st</sup> April 2006 provides an accumulated surplus of £838,577 carried forward at 31<sup>st</sup> March 2007.

### **Capital Expenditure in 2006/07**

There is no Capital Expenditure made by the Association. The Association owns no assets because these are held by the constituent councils and are contained within the consolidated balance sheets of the Lead Districts.

### **Concluding Remarks**

I wish to draw your attention to the statement which shows the responsibilities of the Association and the Treasurer for the Accounts. The statement sets out the requirements of the legislation together with my professional and legal responsibilities for the accounts. I have relied where necessary on the assurances received from the s151 Financial Officers of the Lead Districts in respect of the financial transactions relating to the Units for which they are responsible.

D J SMITH MA PhD CPFA  
Treasurer

## STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the Accounts and Audit Regulations 2003. They are compiled and prepared in accordance with the principles recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). Specific reference can be made to the statements of accounting policies contained within the Annual Accounts of the relevant Lead District.

The accounts have been prepared in compliance with the relevant Statements of Standard Accounting Practice / Financial Reporting Standards and in particular are full income and expenditure accounts as required by the accruals concept of SSAP2.

### **Cash**

The cash balance shown on the balance sheet represents cash held by individual Greater Manchester Authorities on behalf of AGMA as at 31<sup>st</sup> March 2007.

### **Capital Assets**

The Association does not own any assets. All assets are held by the constituent councils and are held in the balance sheets of those councils.

### **Consistency**

The accounting treatment of like terms will be the same within the same accounting period and from one period to the next.

### **Cost of Support Services**

The various District Treasurers have agreed common principles in the calculation of central support costs provided to lead district functions. These principles are based on CIPFA recommended practice and incorporate full cost allocation.

### **Debtors and Creditors**

The accounts of the Association are maintained on an accruals basis which means that amounts due to the Association or amounts owed by the Association are included, whether or not the cash has actually been received or paid in the year.

### **Going Concern**

The concept that the entity will continue to operate for the foreseeable future.

### **Government Grants and Contributions**

Grants are allocated to the revenue accounts of the Units and are matched by the service expenditure to which they relate. There were no Capital Grants received during 2006/07. Grants and contributions are accounted for on an accruals basis; that is they are recognised as income at the date that the Association satisfies the conditions of entitlement to the grant / contribution, providing that there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred.

## STATEMENT OF ACCOUNTING POLICIES (Cont.)

### **Prudence**

Revenue streams are not recognised until a transaction has been completed and the cash value of the transaction can be determined with a reasonable degree of certainty.

### **VAT**

The Association is not separately registered and all VAT transactions are through the accounts of the constituent councils. VAT is included in the expenditure and income only to the extent that it is irrecoverable by the units.

### **Work in Progress, Stocks and Stores**

Work in progress, slower moving and obsolete stocks and stores are included in the accounts at the lower of cost or net realisable value. For higher turnover, values are recorded at either average price or latest invoice price.

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Associations Responsibilities

The Associations requirements are laid down in Clause 39 of the AGMA Constitution dated 29<sup>th</sup> September 2000. These make arrangements for the proper financial administration of its financial affairs and to secure that one of its officers from one of the constituent councils has responsibility for the administration of those affairs. In this Association that officer is the Treasurer.

## The Treasurers Responsibilities

The Treasurer is responsible for the administration of the Association's financial affairs. This includes the preparation of the Association's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice;
- kept proper up to date accounting records;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- certified and dated the Statement of Accounts, to the effect that it represents fairly the financial position of the Association at the accounting date and its income and expenditure for the year ended 31st March 2007.

I certify that the Responsibilities for the Statement present fairly the financial position of AGMA.

D J SMITH MA PhD CPFA  
Treasurer

Chair of Meeting

## INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

This Income and Expenditure Account summaries the resources that have been generated and consumed in providing services and managing the Association during the last year. It includes all the day-to-day expenses and related income on an accruals basis.

2005/06 Net Expenditure £		Notes	2006/07 Gross Expenditure £	2006/07 Income £	2006/07 Net Expenditure £
	<b>Expenditure on Services</b>				
61,168	Urban Traffic Control		5,669,184	5,588,676	80,508
54,155	Section 48 Grants		3,472,517	3,445,200	27,317
-1,945	Transportation Modelling Unit		2,601,318	2,619,062	-17,744
11,395	County Records Office		365,739	352,833	12,906
-45,726	Industrial Estates		700,517	815,150	-114,633
88,259	Dilapidation Fund		225,784	260,000	-34,216
-17,185	Specialist Trading Standards Unit		115,452	116,700	-1,248
-	Abnormal Load Routing		40,500	40,500	-
-48,185	Policy Unit		3,382,746	3,258,089	124,657
39,175	Greater Manchester Research Unit		-	-	-
-2,429	Geological Unit	1	-	-	-
7,180	Greater Manchester Ecology Unit	1	-	-	-
<b>145,862</b>	<b>Net Cost of Services</b>		<b>16,573,757</b>	<b>16,496,210</b>	<b>77,547</b>
	<b>Other Operating Income and Expenditure</b>				
-39,318	Interest Section 48 Grants				-35,771
-3,438	Interest Dilapidation Fund				-3,225
<b>103,106</b>	<b>Net Income and Expenditure Account Surplus (-) / Deficit (+) For the Year</b>				<b>38,551</b>

I certify that the Income and Expenditure Account and related accounts present fairly the financial position of the Association of Greater Manchester Authorities.

David J Smith MA PhD CPFA  
Treasurer  
28<sup>th</sup> September 2007

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE 2006/07

The Income and Expenditure Account shows the Association's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.

The General Fund Balance compares the Association's spending against the budget it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The statement summarises the differences between the outturn on the Income and Expenditure Account to General Fund Balances.

2005/06 £'000		Notes	2006/07 £'000
103,106	Surplus (-) / Deficit for the year on the Income and Expenditure Account		38,551
-	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year		-
103,106	Decrease in General Fund Balance for the year		38,551
-980,234	General Fund Balance brought forward		-877,128
<b>-877,128</b>	<b>General Fund Balance carried forward</b>		<b>-838,577</b>
-877,128	Amount to General Fund Balance generally available for new expenditure		-838,577
<b>-877,128</b>			<b>-838,577</b>

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES 2006/07

This statement brings together all the gains and losses of the Association for the year and shows the aggregate increase in its net worth.

2005/06 £'000		Notes	2006/07 £'000
103,106	Surplus (-) / Deficit for the year on the Income and Expenditure Account		38,551
-	Surplus (-) / deficit arising on revaluation of fixed assets		-
-	Actuarial (gains)/losses on pension fund assets and liabilities		-
-	Other gains and losses		-
<b>103,106</b>	<b>Total recognised losses for the year</b>		<b>38,551</b>

## BALANCE SHEET AS AT 31 MARCH 2007

31.03.06 £		Notes	31.03.07 £	31.03.07 £
	<b>Current Assets</b>			
544,457	Stocks		672,706	
721,162	Debtors and Payments in Advance	6	1,670,661	
50	Petty Cash		50	
1,305,125	Cash		237,325	
<b>2,570,794</b>				<b>2,580,742</b>
	<b>Current Liabilities</b>			
1,693,666	Creditors and Receipts in Advance	7	1,742,165	
-	Cash Overdrawn		-	
<b>1,693,666</b>				<b>1,742,165</b>
<b>877,128</b>	<b>Total Assets Less Current Liabilities</b>			<b>838,577</b>
	<b>Financed By</b>			
877,128	General Balances	8	838,577	
<b>877,128</b>	<b>Total Net Worth</b>			<b>838,577</b>

I certify that the Balance Sheet and related accounts present fairly the financial position of the Association of Greater Manchester Authorities at 31 March 2007.

David J Smith MA PhD CPFA  
Treasurer  
28<sup>th</sup> September 2007

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

2005/06 £		Notes	2006/07 £	2006/07 £
	<b>REVENUE ACTIVITIES</b>			
	<b>Cash Outflows</b>			
3,324,288	Cash Paid to and on Behalf of Employees		3,510,774	
11,338,762	Other Operating Cash Payments		14,092,231	
14,663,050				17,603,005
	<b>Cash Inflows</b>			
-14,517,950	Cash Received for Goods and Services			-16,496,209
<b>145,100</b>	<b>Net Cash Flow from Revenue Activities</b>	9		<b>1,106,796</b>
	<b>SERVICING OF FINANCE</b>			
	<b>Cash Inflows</b>			
-42,756	Interest Received			-38,996
<b>102,344</b>	<b>Net Decrease/Increase (-) in Cash</b>			<b>1,067,800</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. Geological Unit / Greater Manchester Ecology Unit

These units are now on service Level Agreements negotiated with individual AGMA Authorities; these are net transfers to units as they are no longer consolidated.

## 2. Pension Costs

All liabilities are the responsibility of the constituent councils and have adopted the principles of FRS 17 which requires Councils to account for retirement benefits when they are committed to paying those benefits rather than the actual date of giving benefit.

## 3. Officers' Emoluments

The constituent councils employ all staff therefore there are no officers emoluments directly attributable to AGMA.

## 4. Balances

The total balances of £838,577 held by the individual units are retained by the constituent councils and are earmarked for revenue support in future years.

## 5. Fixed Assets

The Association does not own any assets, all assets are held on the balance sheets of member authorities.

## 6. Debtors and Payments in Advance

31.03.06 £		31.03.07 £
385,351	Local Authorities	374,269
-	Grants	746,836
81,250	Marketing Manchester	-
254,561	General	549,556
<b>721,162</b>	<b>Total</b>	<b>1,670,661</b>

## 7. Creditors and Receipts in Advance

31.03.06 £		31.03.07 £
458,107	Local Authorities	577,230
428,412	Grants	426,038
807,147	General	738,897
<b>1,693,666</b>	<b>Total</b>	<b>1,742,165</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS (Cont.)

### 8. General Balances

	Balance B/Fwd 31.03.06 £	Increase (+ve) £	Decrease (-ve) £	Balance C/Fwd 31.03.07 £
Section 48 Grants	35,659	8,454	-	44,113
County Records Office	-11,670	-	-12,906	-24,576
Industrial Estates / Dilapidation Fund	123,898	152,074	-	275,972
Urban Traffic Control	-7,056	-	-80,508	-87,564
Transportation Modelling Unit	81,930	17,744	-	99,674
Abnormal Load Routing	-	-	-	-
Specialist Trading Standards Unit	7,047	1,248	-	8,295
Policy Unit	647,320	-	-124,657	522,663
<b>Totals</b>	<b>877,128</b>	<b>179,520</b>	<b>-218,071</b>	<b>838,577</b>

This represents the accumulated surpluses and deficits carried forward in line with agreed practice.

It should be noted that the Policy Unit balance contains £145,164 earmarked for Contingency Planning projects.

### 9. Revenue Activities

The net cash flow can be reconciled to the Consolidated Revenue Account as follows:

2005/06 £		2006/07 £
103,106	<b>Deficit/Surplus (-) for the year</b>	38,551
42,756	Interest Received	38,996
	<b>Items on Accruals Basis</b>	
-108,340	Stocks	128,249
-193,381	Debtors / Payments in Advance	949,499
300,959	Creditors / Receipts in Advance	-48,499
<b>145,100</b>	<b>Revenue Activities Net Cash Flow</b>	<b>1,106,796</b>

### 10. Movement in Cash

This statement identifies the items making up the changes in cash shown on the Cash Flow Statement.

2005/06 £		2006/07 £
1,407,519	Bank Balance and Cash in Hand at 1 April	1,305,175
-102,344	Movements in Year	-1,067,800
<b>1,305,175</b>	<b>Bank Balance and Cash in Hand at 31 March</b>	<b>-237,375</b>

# STATEMENT OF INTERNAL CONTROL

## Scope of Responsibility

AGMA (the Association of Greater Manchester Authorities) is a partnership of ten local authorities which is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, AGMA is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of AGMA functions and which includes arrangements for the management of risk.

## The Purpose of the System of Internal Control Responsibilities

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of AGMA policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently, and effectively.

The system of internal control has been in place at AGMA for the year ended 31st March 2005 and up to the date of the annual report and accounts.

## The Internal Control Environment and Review of Effectiveness

There has not previously been a statement of internal control formally adopted by AGMA. Wigan Council's Director of Finance and I.T. is Treasurer to AGMA. To date the systems of internal control has used the systems that exist within Wigan Council, supplemented by those of the supervising Councils for each of the units.

Because of the basis on which they have been established the Units/functions tend in effect to operate as separate business/expenditure units within each of the AGMA Districts that have lead responsibility for them. Their accounts are managed by each individual authority in accordance with that own authority's constitution, code of practice and standing orders.

Reporting arrangements are in place which requires units to produce quarterly monitoring statements which are reported to the AGMA Executive. Details of all the various AGMA Units, Lead Authorities are highlighted below.

Statutory Functions Committee:

- Section 48 Grants – Manchester

## STATEMENT OF INTERNAL CONTROL (Cont.)

### The AGMA Executive

- Transportation Unit – Manchester
- Urban Traffic Control Unit – Manchester
- Abnormal Loads Routing – Manchester
- County Records Office – Manchester
- Specialist trading Standards Unit – Manchester
- Industrial Estates – Bolton
- AGMA Policy Unit

The following Units operate within individual Service Level Agreements negotiated with AGMA districts are not reported on.

- Ecology Unit – Tameside
- Archaeology Unit – Manchester University
- Geology Unit - Salford

As AGMA is not a legal body officers who “work for AGMA” are legally employees of whichever lead authority is responsible for pay and conditions for the individual AGMA Units. AGMA therefore operates via a constitution and binding agreements which tie the authorities in to AGMA and are required to give at least 12 months notice of withdrawing.

The full Statement of Internal Controls for each of the three districts of Wigan, Manchester, and Bolton can be found by following the appropriate link.

### Wigan Council:-

<http://www.wigan.gov.uk/NR/rdonlyres/0C90418F-C02A-47C8-8AAF-00C9B018BE1F/0/14StatementonInternalControl.pdf>

### Manchester City Council:-

[http://www.manchester.gov.uk/downloads/12\\_Final\\_draft\\_assurance\\_statement\\_07\\_1\\_.pdf](http://www.manchester.gov.uk/downloads/12_Final_draft_assurance_statement_07_1_.pdf)

### Bolton Council:-

<http://www.bolton.gov.uk/pls/portal92/url/ITEM/358AB39DC1485CBAE0440003BA1DCDD2>

# Independent auditor's report to the Members of Association of Greater Manchester Authorities

## Opinion on the financial statements

I have audited the Joint Committee accounting statements and related notes of Association of Greater Manchester Authorities for the year ended 31 March 2007 under the Audit Commission Act 1998. The Joint Committee accounting statements comprise the Joint Committee Income and Expenditure Account, the Joint Committee Statement of Movement on the General Fund Balance, the Joint Committee Balance Sheet, the Joint Committee Statement of Total Recognised Gains and Losses, the Joint Committee Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the Association of Greater Manchester Authorities in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

## Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Joint Committee and accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2006:

- the financial position of the Joint Committee and its income and expenditure for the year.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Joint Committee's corporate governance procedures or its risk and control procedures.

## Independent auditor's report to the Members of Association of Greater Manchester Authorities (cont.)

I read other information published with the Joint Committee accounting statements, and consider whether it is consistent with the audited Joint Committee accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Joint Committee accounting statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Joint Committee accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the Joint Committee accounting statements and related notes, and of whether the accounting policies are appropriate to the Joint Committee's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Joint Committee accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Joint Committee accounting statements and related notes.

### **Opinion**

In my opinion:

- The Joint Committee financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Joint Committee as at 31 March 2007 and its income and expenditure for the year then ended.

# Independent auditor's report to the Members of Association of Greater Manchester Authorities (cont.)

## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Joint Committee's Responsibilities

The Joint Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

### Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Joint Committee for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Joint Committee has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in December 2006, and the supporting guidance, I am satisfied that, in all significant respects, Association of Greater Manchester Authorities made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

### Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Heap  
District Auditor  
Audit Commission  
2nd Floor  
Aspinall House  
Aspinall Close  
Middlebrook  
Bolton BL6 6QQ

17 November 2009

## GLOSSARY

### **Accruals**

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Agency Arrangements**

Services performed by or for another authority or public body, where the agent is reimbursed for the cost of work done.

### **Budget**

A statement detailing the associations plans for net revenue expenditure over a specified period of time

### **Consistency**

A concept that the accounting treatment of like items, within the same accounting period and from one period to the next is the same, this allows for greater comparability of information between periods.

### **Creditors**

Amounts owed by the Units for goods and services provided for which payment has not been made at the end of the financial year.

### **Debtors**

Sums of money due to the Units but not received at the end of the financial year.

### **Financial Reporting Standards (FRS)**

Financial Reporting Standards are accounting standards which set out the framework and requirements that need to be adopted for certain transactions in the published accounts.

### **Lead Districts**

Each AGMA unit is administered by a member authority – known as the “Lead Authority / District”.

### **Payments in Advance**

Sums paid in advance of the period to which they relate.

## **GLOSSARY (Cont.)**

### **Prudence**

The principle that revenue is not anticipated, but is recognised only when realised, in the form of either cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

### **Receipts in Advance**

Sums received in advance of the period in which they are to be applied.

### **Reserves**

A reserve is an amount set-aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

# TERMS OF REFERENCE

## **Regulatory Bodies, Other Bodies and Regulatory Framework**

### **Audit Commission**

Independent body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency, and effectiveness in their use of resources and is able to subject a local authority to “Value for Money” studies

<http://www.audit-commission.gov.uk/>

### **Best Value Accounting Code of Practice (BVACOP)**

Published by CIPFA (below) the BVACOP establishes “proper practice” with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2003.

### **CIPFA (Chartered Institute of Public Finance and Accountancy)**

The leading professional body for public sector accounting which sets accounting standards for the public sector. CIPFA advises central government and other bodies on local government and public sector finance matters

<http://www.cipfa.org.uk/>

### **Code of Practice on Local Government Accounting in the United Kingdom 2006: A Statement of Recommended Practice (SoRP)**

Detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

### **Financial Reporting standards (FRS's)**

These statements prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. The SoRP incorporates these accounting standards to the extent that they comply with specific legal requirements and are relevant to the activities of the local authority.

### **Greater Manchester e-Government Partnership (GMeP)**

The partnership was formally established in January 2002. Its aim is to seize the opportunity of collaborative working by transforming the way in which services are delivered and by renewing local democracy by making Greater Manchester Councils more open and accountable.

### **Local Authority (Scotland) Accounts Advisory Committee (LASAAC)**

Often working as a joint committee with CIPFA, LASAAC aims to develop and promote proper accounting practice for Local Government in Scotland and contributes to the formal approval process for the SoRP and BVACOP.

<http://www.cipfa.org.uk/scotland/technical/lasaac.cfm>

## **TERMS OF REFERENCE (Cont.)**

### **Statements of Standard Accounting Practice (SSAP's)**

These statements prescribe the methods by which all published accounts should be prepared and presented and compliance is mandatory; any departure must be clearly disclosed within the published accounts. SSAP's are gradually being replaced by Financial Reporting Standards (see above).

### **UK Generally Accepted Accounting Policies (UK GAAP)**

The Generally Accepted Accounting Practice are the overall principles of regulation in the UK establishing how company accounts must be prepared. These principles not only include accounting standards but also UK company law.

### **Other Terms of Reference**

#### **Corporate Governance**

This is concerned with the authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

#### **CPA (Corporate Performance Assessment)**

Undertaken by the Audit Commission, the CPA assesses the performance of local authorities and the services that they provide for local people. The assessment highlights areas of good practice and also areas where improvement is needed.

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