

Report to: **Audit Committee**
Date: **28 July 2015**
Title: **Draft Statement of Accounts 2014/2015**
Portfolio Area: **Support Services**
Wards Affected: **All**
Relevant Scrutiny Committee: **Internal**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

1. The Draft Statement of Accounts together with the technical appendix for the financial year ended 31 March 2015 are noted.

1. Executive summary

- 1) The report advises Members that an under spend of £70,000 was generated in 2014/2015 which was transferred to the General Fund Balance (un-earmarked revenue reserve). The level of this reserve stands at £1,023,000 at 31 March 2015.
- 2) The Explanatory Foreword to the Accounts gives a summary of the main items in the Statement of Accounts for 2014/2015.

2. Background

- 1) The Accounts and Audit (England) Regulations 2011 set out the requirements for the production and publication of the local authority's annual Statement of Accounts (SOA). These regulations introduced revised procedures for the certification, approval and publication of accounting statements. In particular, the requirement for Councils to approve the SOA prior to external audit is removed. In line with common practice in the commercial sector, local authorities are now required to approve the accounts following the completion of the audit.
- 2) The SOA is an essential feature of public accountability, since it provides the stewardship report on the use of funds raised from the public. The closing of accounts is also important to the budgetary process, since it confirms the availability of reserves and balances for future use.
- 3) The attached booklet contains the Council's final accounts in full, including details of the Comprehensive Income and Expenditure Account, Balance Sheet and Collection Fund together with statements setting out movements in reserves and cash flow. In addition, the explanatory foreword to the booklet summarises the major variations in income and expenditure from the original budget.
- 4) The accounts have been prepared in accordance with all relevant and appropriate accounting standards including, International Accounting Standard (IAS) 19 which deals with pension costs. This standard ensures that the full cost of employing people is recognised systematically in the accounts and that creditors reflect the council's liability to pay money into the pension fund. A full explanation of the pension's liability is included in the Council's SOA. Members are advised that the accounting arrangements for IAS 19 are for reporting purposes only. Indeed the required entries are reversed out of the accounts and consequently, IAS 19 has no impact on the Council's surplus for the year.

3. Outcomes/outputs

1) Revenue Expenditure

Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, business rates, fees and charges, government grants and interest earned on investment activity. The under spend on the General Fund in 2014/2015 of £70,000 is essentially a break-even position and represents less than 0.1% of the Council's gross turnover of £27m. The main differences from budget are shown in paragraph 8 of the Explanatory Forward in the SOA.

2) Capital Expenditure

Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £473,058 in 2014/15, and is analysed in paragraph 20 of the Explanatory Foreword in the SOA.

4. Proposed Way Forward

- 1) Members are advised that the accounts will be audited by our External Auditors, Grant Thornton, during July and August .Following the Audit, the SOA will be brought back to the Audit Committee for approval in September.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The Statutory Powers that apply to this report are Section 151 Local Government Act 1972 Section 21 (12), Local Government Act 2003 and the Accounts and Audit (England) Regulations 2011 (SI 2011 No 817).
Financial		The financial implications to this report are that an under spend of £70,000 was generated in 2014/2015.
Risk		<p>1) Public Accountability – the accounts have been drawn up in strict accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 which is recognised by statute as representing proper accounting practice.</p> <p>2) Resource Planning – the Council takes into account any significant issues when developing the Council’s Medium Term Financial Strategy.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Draft Statement of Accounts 2014/15.

Appendix B – Technical Appendix 2014/15.

Background Papers:

Finance Community of Practice final accounts working papers.

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A