

Report to: **Audit Committee**
Date: **19 July 2016**
Title: **Draft Statement of Accounts 2015/2016**
Portfolio Area: **Support Services**
Wards Affected: **All**
Relevant Scrutiny Committee: **Internal**

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

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RECOMMENDATION

The Draft Statement of Accounts together with the Technical Appendix for the financial year ended 31 March 2016 are noted.

1. Executive summary

- 1) The report advises Members that an under spend of £32,000 was generated in 2015/2016 which was transferred to the General Fund Balance (un-earmarked revenue reserve). The level of this reserve now stands at £1.055 million at 31 March 2016.
- 2) The Narrative Statement to the Accounts gives a summary of the main items in the Statement of Accounts for 2015/2016.

2. Background

- 1) The Accounts and Audit (England) Regulations 2015 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 approval and publication of accounting statements. 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 narrative statement 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 Statement of Accounts. 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 2015/2016 of £32,000 is essentially a break-even position. **The 2015/16 budget was £7.26 million and therefore the saving of £32,000 means that the actual spend was 0.4% less than the budget.** This saving will go into the Council's Unearmarked Reserves which now stand at £1.055 million. The main differences from budget are shown on Pages 6 and 7 of the Narrative Statement in the Statement of Accounts.

2) Capital Expenditure

Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £299,998 in 2015/16. The main areas of expenditure were as follows:

- Housing renovation grants and disabled facility grants
- Community projects, namely village hall and parish project grants

4. Proposed Way Forward

1) Members are advised that the accounts will be audited by our External Auditors, KPMG, during July. Following the Audit, the Statement of Accounts 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 2015.
Financial		The financial implications to this report are that an under spend of £32,000 was generated in 2015/2016.
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 2015/16 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 2015/16.
Appendix B – Technical Appendix 2015/16.

Background Papers:

Finance Community of Practice final accounts working papers.