

Report to: **Audit Committee**
Date: **27 September 2016**
Title: **ANNUAL 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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Recommendations:

It is RECOMMENDED that Members approve:

- 1. The wording of the Letter of Representation (Appendix A);**
- 2. The audited Statement of Accounts and Technical Appendix for the financial year ended 31 March 2016 (Appendix B); and**
- 3. The revised Annual Governance Statement.**

1. Executive summary

1) This report presents a summary of net revenue and capital expenditure for Members consideration and seeks approval of the audited Statement of Accounts for 2015/16. **Following approval of the accounts, the Chairman of the Audit Committee is required to sign and date the accounts.** Members are also required to consider the content of the Letter of Representation. **Following approval of its wording, the Chairman of the Audit Committee and the Finance Community of Practice Lead (S151 Officer) are required to sign the Letter of Representation.**

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 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 (Appendix B) 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 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 0.1% 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

3) **Audit of Accounts**

The draft SOA was considered by the Audit Committee on 19 July 2016. These accounts are required to be audited by the Council's external auditors, who give their opinion on the draft accounts. The annual audit was undertaken during July and August 2016 by KPMG LLP. Post audit changes have been incorporated within the SOA in line with the recommendations contained within their 'Audit Findings Report'.

4. **Proposed Way Forward**

- 1) The Council Constitution delegates approval of the Accounts to the Audit Committee. The Council is also required to sign a Letter of Representation every year, which gives representations to the Council's external auditors. The Chairman of the Audit Committee and the Finance Community of Practice Lead (S151 Officer) are required to sign the Letter of Representation. The letter is attached at Appendix A. It is recommended that Members approve the wording of the Letter of Representation.

5. **Annual Governance Statement**

- 1) The Annual Governance Statement (AGS) was previously agreed at the Audit Committee meeting on 19th July 2016. Following review by KPMG LLP there have been minor amendments made and therefore the revised AGS is presented for approval.

6. **Implications**

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	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	Y	The financial implications to this report are that an under spend of £32,000 was generated in 2015/2016.
Risk	Y	<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

Appendix A – Letter of Representation.

Appendix B – Statement of Accounts and Technical Appendix 2015/16.

Appendix C – Annual Governance Statement

Background Papers:

Finance Community of Practice final accounts working papers.

Audit Committee 19 July 2016 – Draft Statement of Accounts 2015/16.