

 Council 21 September 2016		Agenda Item No. 11
Title	Statement of Accounts and Annual Governance Statement 2015/16	
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Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Finance & Audit Scrutiny 1 June 2016 Executive 2 June 2016 Finance & Audit Scrutiny 26 July 2016	
Background Papers	Accounts and Audit (England) Regulations 2015 Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (CIPFA) Service Reporting Code of Practice 2015/16 (CIPFA)	
Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		No
Included within the Forward Plan? (If yes include reference number)		No
Equality & Sustainability Impact Assessment Undertaken		N/A
Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	08 Sept 2016	Andrew Jones
Head of Service	07 Sept 2016	Mike Snow
CMT		
Section 151 Officer	07 Sept 2016	Mike Snow
Monitoring Officer	N/A	
Finance	N/A	Finance Report
Portfolio Holder(s)	08 Sept 2016	Councillor Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report. The accounts have been made available for public inspection.		
Final Decision?		Yes

1. SUMMARY

- 1.1 The accounts have been closed in respect of the financial year 2015/16 and the outturn duly reported to the Executive in June. The unaudited Statements were presented to the Finance and Audit Scrutiny Committee in July.
- 1.2 At the time of writing this report the audit was still ongoing. This report deals with the audit issues raised to date.

2. RECOMMENDATIONS

- 2.1 The Council approves the Statement of Accounts 2015/16.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 As part of corporate governance, Members have an important role in overseeing the framework of internal control of the Council. There is a statutory requirement to have the Statement of Accounts approved by 30 September.

4. POLICY FRAMEWORK

- 4.1 **Policy Framework** – The Statement of Accounts for 2015/16 represents a historic account of the financial performance for that year and, therefore, identifies how well, or otherwise, the Budget and Policy frameworks have been complied with.
- 4.2 **Fit for the Future** – This report has no direct impact on Fit for The Future as it is a historical presentation of the past year's operations.
- 4.3 **Impact Assessments** - The Council's Statement of Accounts covers the community throughout the District. It is a statement of fact and officers will have considered any impact when finalising the accounts.

5. BUDGETARY FRAMEWORK

- 5.1 The Statement of Accounts 2015/16 (Appendix A) is a historic account of the financial performance of the year and shows comparison with the budget (where appropriate) for 2015/16 and the results for 2014/15.
- 5.2 Full details looking at the outturn for the year against the agreed budget was included within the Final Accounts report to the Executive in June.

6. RISKS

- 6.1 The main risk is that External Audit upholds any objections raised in respect of the accounts. No objections have been received.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 Not to approve the Statements. However, it should be noted that this would contravene statutory requirements to approve and sign the accounts before 30 September.

8. BACKGROUND

- 8.1 The accounts have been compiled so as to comply with the appropriate accounting standards and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
- 8.2 The Accounts and Audit Regulations 2015 require that the responsible financial officer must, no later than 30th June immediately following the end of a year, sign and date the statement of accounts.
- 8.3 A notice was placed on the Council's website on 28 June informing electors of their rights to inspect the accounts between 1 July and 11 August and to question the auditor about those accounts.
- 8.4 The Regulations also require that members approve the audited accounts by no later than 30 September. Consequently, meetings have been set up for 20 and 21 September for the Finance and Audit Scrutiny Committee and Council, respectively, to meet their responsibilities.
- 8.5 The Audit has virtually been completed at the time of writing this report and it is not expected that any further changes will be required and the audit certificate is still awaited. If any changes are required amended Statements will be forwarded as soon as available.

9. STATEMENT OF ACCOUNTS

- 9.1 The Statement of Accounts have been prepared using principles and practices of accounting which 'presents a true and fair view' of the financial position and transactions of the Council. 'Proper accounting practices' are deemed to be those specified in CIPFA's "Code of Practice on Local Authority Accounting in the United Kingdom 2015/16" ("the Code") which involves interpretations of accounting standards and other pronouncements by the Accounting Standards Board.
- 9.2 As a consequence of the above, the Statements are required to be shown in a format which more closely follows that used to produce commercial accounts.
- 9.3 The Statement of Accounts comprises four primary statements plus two supplementary statements that reflect specific activities of a shire district council – the Housing Revenue Account and the Collection Fund.
- 9.4 The first primary statement is the Movement in Reserves Statement (page 17). This shows the movement in the year on the different reserves held by the Council and analyses them into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (i.e. 'unusable reserves'). The statement shows the true economic cost of providing the Council's services, the statutory adjustments required for tax and rent setting and the use of any earmarked reserves.
- 9.5 The second primary statement is the Comprehensive Income and Expenditure Statement (page 18). This is a more detailed analysis of the true economic cost of providing services referred to above. Although it would appear that the Council is operating at a large surplus, this is mainly due to the new accounting regime operating in the wake of HRA Self Financing in 2011/12, whereby the

Council is putting aside resources to build more homes and a large reversal in 2015/16 to past impairment revaluations on the HRA stock (£18.7m).

- 9.6 The Balance Sheet (page 19) is a relatively simple statement with the details being provided in the notes to the accounts.
- 9.7 Similarly, the Cash Flow Statement (page 20) is also a simple statement with the notes providing the details. The Cash Flow statement includes both cash and cash equivalents i.e. non-cash items that can be quickly liquidated, such as short term investments.
- 9.8 The accounts were audited during August.
- 9.9 No material changes were made to the statements although some presentational changes to the notes were required.
- 9.10 No changes have affected the balances reported.