

**AUDIT AND GOVERNANCE COMMITTEE**

**24 June 2016**

**DRAFT STATEMENT OF ACCOUNTS 2015/2016 (SUBJECT TO AUDIT)**

**Report of the Director of Corporate Services**

**1. Purpose of the Report**

- 1.1 To provide members with an unsigned draft copy of the Council's Statement of Accounts 2015/2016 (Subject to Audit) – (Appendix A), in line with the changes set out in the Accounts and Audit Regulations 2015. Any late adjustments to the draft accounts provided, will, if necessary, be tabled at the meeting as Appendix B.
- 1.2 To provide members with details of the new requirements of the Accounts and Audit Regulations 2015, which apply from the 2015/2016 financial year.
- 1.3 To provide members with the Letters of Assurance required by the external auditor as part of the final accounts process.

**2. Description of Decision (Recommendations)**

- 2.1 The Committee is requested to note both the draft and unsigned Statement of Accounts 2015/2016 (Subject to Audit) and the required separate Statements and Notices that the Authority must provide in order to comply with the Accounts and Audit Regulations 2015.
- 2.2 Members are also requested:
  - a) to approve the contents of the Letter of Assurance from those charged with governance (Appendix F) and,
  - b) to note the Letter of Assurance from those charged with discharging management processes and responsibilities (Appendix G).

**3. Introduction**

- 3.1 The Council has complied with the financial reporting requirements set out in the Accounts and Audit Regulations 2015, which has made some significant changes to the way in which the accounts are now reported. The requirements are set out below for information:

For the 2015/16 and 2016/17 accounts the Relevant Finance Officer (RFO) must certify that they present a true and fair view by no later than 30<sup>th</sup> June of each year, but from 2017/18 onwards the accounts must be certified no later than 31<sup>st</sup> May.

There is a set of new requirements that the RFO must observe, these are set out below for information:

The RFO must publish (including on the Authority's website) the following:

- The (certified) Statement of Accounts and an accompanying declaration that they are unaudited and subject to change;
- The Annual Governance Statement (whether approved or not);
- The Narrative Statement;
- A statement that sets out:
  - The period for the exercise of public rights (for 2015/16 and 2016/17 must include the first 10 working days in July and for 2017/18 onwards must include first 10 working days in June);
  - Provide details of the manner in which the notice of intention to documents should be give;
  - The name and address of the auditor
  - The provisions of section 26 and 27 of the Local Audit and accountability Act 2014;
- The RFO must also commence the period for the exercise of public rights and notify the auditor of the date on which the period commences. This period must be a single period of 30 working days, and as stated above, must include the first 10 working days in July for 2015/16 and 2016/17 accounts and for 2017/18 onwards must include the first 10 working days in June.

3.2 The requirement for the accounts, once audited, to be approved by members of this Committee remains. For the 2015/16 and 2016/17 accounts this must be completed by 30<sup>th</sup> September (as applies now) but for the 2017/18 accounts this must be completed by 31<sup>st</sup> July.

3.3 The following revised requirements must also be observed:

- Following conclusion of the period for the exercise of public rights, the accounts must be:
  - Considered by members (Committee or meeting as a whole)
  - Re-confirmed by the RFO on behalf of the Authority that the Statement of Accounts present a true and fair view before the accounts are approved.
  - Approved by the same Committee or meeting
  - Signed – this must be by the person who presides over the meeting where the accounts are considered and approved.
- The approved and audited accounts, approved Annual Governance Statement, and the Narrative Statement, must be published (including on the Authority's website);

- An Authority must publish (including on the Authority's website) that the audit has been concluded and that the Statement of Accounts has been published. This must be by 30<sup>th</sup> September of each year in accordance with the regulations for 2015/16 and 2016/17 and by 31<sup>st</sup> July for 2017/18 onwards.

3.4 Quality checks continue on the accounts right up until the time they are received by this Committee in order to ensure the draft Accounts subject to audit reflect the most accurate and best set of accounts possible. Where necessary, a set of presentational adjustments (Appendix B) will be tabled for member's information along with the revisions to the draft accounts should this be required.

#### **4 Statement of Accounts 2015/2016 (Subject to Audit)**

- 4.1 The draft financial statements for 2015/2016 subject to audit (Appendix A) are enclosed for information and will be certified on 27<sup>th</sup> June by the Interim Director of Corporate Services in accordance with the new regulations (i.e. the next working day after Committee has received and noted them).
- 4.2 Members should note that the new Narrative Statement prepared by the Interim Director of Corporate Services will be included within the Statement of Accounts (in effect replacing the Foreword included within past sets of accounts). As members know this provides a very helpful summary of the main financial issues in 2015/2016 for the Council and is there to help put the accounts, which are very complex by nature, into context. This new requirement has also been separately set out in Appendix C in accordance with the new requirements.
- 4.3 Members, should they wish, are also able to ask questions on the draft accounts and Narrative Statement at this stage before the audit has commenced, although they will have a further opportunity in September when the audited 2015/2016 accounts are to be formally considered for approval.
- 4.4 In accordance with the new requirements the Annual Governance Statement (AGS), has to be published whether it has been approved or not by the Authority. A copy is attached in Appendix D to this report but simply replicates the AGS set out in an earlier report on today's agenda.
- 4.5 The new statement required from the Authority that details 'the period for the exercise of public rights' is also separately set out in Appendix E to this report for information.
- 4.6 The certified Accounts and the required Statements and Notices will be published on the Authority's web site on 27<sup>th</sup> June 2016 in accordance with the revised regulations.

#### **5. Reasons for Decision**

- 5.1 To note both the draft and unsigned Statement of Accounts 2015/2016 (subject to audit) and the separate Statements, which are set out in more

detail in Appendices C to E of this report, as a result of complying with the requirements of the Accounts and Audit Regulations 2015.

- 5.2 To approve the contents of the Letter of Assurance from those charged with Governance (Appendix F) and, to note the Letter of Assurance from those charged with discharging management processes and responsibilities (Appendix G).

## **6. Alternative Options**

- 6.1 There are no alternatives for members to consider.