

TITLE OF REPORT: STATEMENT OF ACCOUNTS 2015/16

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

EXECUTIVE MEMBER: COUNCILLOR T.W.HONE

1. SUMMARY

1.1 The purpose of this report is to ask Finance, Audit and Risk Committee to approve the audited Statement of Accounts for 2015/16. The Annual Statement of Accounts has been subject to external audit and is enclosed with the report as Appendix A.

2. RECOMMENDATIONS

2.1 That the 2015/16 Annual Statement of Accounts, as set out in Appendix A, be approved and signed by the Chairman.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that any queries raised are addressed before the approval of the Statement of Accounts for 2015/16.

3.2 To ensure that the Council abides by the Audit and Account Regulations 2015 which require the approval and publication of the Statement of Accounts by no later than the 30 September.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The Authority is required to prepare an annual Statement of Accounts and must follow accounting practices guidance issued by the Secretary of State and follow 'proper practices' governing the preparation of the annual Statement of Accounts (Section 21 of the Local Government Act 2003). The key guidance is the Code of Practice on Local Government Accounting and the Service Reporting Code of Practice.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 Consultation on the Statement of Accounts is not required. The Finance and IT Portfolio holder has been kept informed of the progress of the year end accounts and the audit examination.

6. FORWARD PLAN

6.1 This report contains a recommendation on a key decision that has not been notified to the public in the Forward Plan. The public were invited to inspect the accounts in July by way of a notice on the Council's website published on 30 June 2016.

7. BACKGROUND

- 7.1 The Council is legally required to produce a statement of accounts detailing the financial activities for the year and overall financial position as at 31 March. The audited statement of accounts for the year 2015/16 is set out in appendix A.
- 7.2 The Council has a statutory responsibility to make copies of the accounts available for public inspection before the auditor gives their opinion. The Statement of Accounts document was published on the Council's website and hard copies were made available in the Customer Service Centre. Officers did not receive any enquiries from the public during this time and we are not aware that any members of the public visited the Customer Service Centre to view the hard copies available.
- 7.3 The Council's external auditors, Ernst & Young LLP, arrived on the 27th July to start the accounts audit and their report will be presented to Members at this meeting tonight. At the time of writing this report the audit of the accounts was believed to be substantially complete, and a draft audit findings report (ISA 260) has been received. The only issue noted is that the Annual Governance Statement published on the Council's website along with the draft accounts was a summary version rather than the full statement required by the Accounts and Audit Regulations 2015. The Annual Governance Statement included in the audited statement of accounts, attached as Appendix A, is the full statement. It is possible that additional issues may arise before the Committee meeting, if so these will be verbally reported.
- 7.4 Regulation 10 of the Accounts and Audit Regulations 2003, states the accounts should be signed and dated by the Member presiding at the meeting which formally approves the accounts. The Finance, Audit & Risk Committee is delegated to sign off the statutory annual Statement of Accounts.

8. ISSUES

- 8.1 The Strategic Director of Finance, Policy and Governance will have signed the Statement of Responsibilities (page 1 of Appendix A) prior to the meeting. This is to certify that the statement of accounts give a true and fair view of the financial position of the Authority as at 31 March 2016 and its income and expenditure for the year then ended. Following the Committee's approval of the Statement of Accounts the Strategic Director will sign the Letter of representation (Appendix B) on behalf of the Council.
- 8.2 As a result of discussion with Ernst & Young during the audit of the accounts, a number of amendments were required to disclosures and a reclassification of a small number of items within the accounts. None of these were material or significant. The findings and conclusions from the audit undertaken are described in the ISA 260 report.
- 8.3 The Narrative Report within the statement of accounts provides an overview of how the accounts are presented and highlights the most significant matters. While reference is made to the potential implications from the outcome of the referendum in June on the United Kingdom's membership of the European Union, officers are not aware of any events that have occurred since the year end that provide additional evidence of conditions that existed at the 31 March 2016 or materially affect the amounts included in the Statement of Accounts. In particular there has not been any subsequent event that would require an amendment to the contingent asset and liabilities listed in the accounts.

- 8.6 The Annual Governance Statement (AGS) included within the Audited Statement of Accounts (appendix A) is a draft version as the final AGS will be approved at this meeting tonight. Once the AGS has been approved the Audited Statement of Accounts will be amended to show the final version of the AGS.

9. LEGAL IMPLICATIONS

- 9.1 The Accounts and Audit Regulations 2015 require that the Annual Statement of Accounts be approved and published by the deadline date of 30 September 2016. Members are reminded of the duty to set a balanced budget and to maintain a prudent level of reserves.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report. The Revenue and Capital outturn reports were presented to Members in June. These provided the end of year position of the general fund, other reserves and capital expenditure. None of the changes to the Statement of Accounts identified from the audit have resulted in any change to the outturn position reported. The audit of the accounts was completed within budget.

11. RISK IMPLICATIONS

- 11.1 The process of compiling the Statement of Accounts is a control mechanism to help mitigate against the risk of poor financial management and is a way the Council can demonstrate to the public how it has managed its resources and acted in its responsibility as a steward of public funds.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1 October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The Statement of Accounts in themselves do not generate equalities implications, however, the financial activity reported in the Statement of Accounts would have required consideration of any negative, or positive, equalities implications at the time. For example, when considering specific procurements of goods and services, or works, or when investment proposals of £50k or more, affecting more than two wards are considered.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not, in themselves, constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no direct human resource implications arising from this report.

15. APPENDICES

15.1 Appendix A – Audited Statement of Accounts 2015/16 – to follow.
Appendix B – Draft Letter of Representation – to follow.

16. CONTACT OFFICERS

Author

16.1 Antonio Ciampa, Accountancy Manager, Tel 474566,
email Antonio.Ciampa@north-herts.gov.uk

Contributors

16.2 Ian Couper, Head of Finance, Performance and Asset Management, Tel 474243,
email Ian.Couper@north-herts.gov.uk

17. BACKGROUND PAPERS

17.1 Un-audited Statement of Accounts 2015/16 – link below:

<http://www.north-herts.gov.uk/home/council-performance-and-data/budgets-and-spending/statement-accounts>

17.2 Audit Findings Report (ISA 260) – separate item on the same agenda.