



AUDIT COMMITTEE

22ND SEPTEMBER 2015

AGENDA ITEM (10)

STATEMENT OF ACCOUNTS

Accountable Member	Audit Committee
Accountable Officer	Jenny Poole Chief Finance Officer 01285 623313 jenny.poole@cotswold.gov.uk

Purpose of Report	To present the audited Statement of Accounts 2014/15 to the Committee for review and approval.
Recommendation	That the audited 2014/15 Statement of Accounts be approved for signature by the Chairman of this Committee.
Reason for Recommendation	The Council is statutorily obliged under the Accounts and Audit Regulations 2003 to publish its Statement of Accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting (the Code).

Ward(s) Affected	N/A
Key Decision	Yes
Recommendation to Council	No

Financial Implications	None
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None
Human Resource Implications	None
Key Risks	By not approving the Statement of Accounts, the Council will fail to comply with the Accounts and Audit Regulations 2003.
Equalities Impact Assessment	Not Required

Related Decisions	Revenue Outturn Report 2014/15 presented to Cabinet 9 th July 2015. The Audit Committee received the draft copy of the Statement of Accounts at its meeting on 30 th June 2015.
Background Documents	None
Appendices	Appendix A - Statement of Accounts 2014/15 (attached as a separate document to the agenda papers)

Performance Management Follow Up	(i) Implement Committee decision. (ii) Publish approved audited statement on the Council's website.
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Background Information	
1. <u>The draft Statement of Accounts</u>	
<p>The draft Statement of Accounts was presented to the Audit Committee on 30th June 2015. The statement represented the 'pre-audit' figures. The Council's External Auditors have now substantially completed their review of the accounts and the audited statements are being presented for consideration.</p>	
2. <u>Changes from the draft Statement of Accounts</u>	
2.1 During the period of the audit, the Auditors reviewed the Council's draft Statement of Accounts and associated working papers. The following paragraphs aim to highlight the changes resulting from their work:-	
<u>Adjusted misstatements:</u>	
2.1.1 Note 24.b. - Capital Adjustment Account (CAA). Some of the balances in the CAA note required breaking down into their constituent parts to enable balances to be easily reconciled to Note 7 - 'adjustments between accounting basis and funding under regulations'. The changes had no impact upon the Core Statements or net worth of the Council. The balance on the CAA remained unchanged.	
2.1.2 Note 41 - Leases. Lease maturity profile figures (income due to the Council over the duration of the leases) quoted 31 st March 2014 figures. Note 41 has been updated and now shows 31 st March 2015 balances. The changes had no impact upon the Core Statements or net worth of the Council.	
2.1.3 Explanatory foreword - Note 8 - Non-current asset purchases and disposals. The disposals figure quoted in the explanatory foreword was understated by £42,500. The value of one asset was omitted from the total. The note has been amended to reflect the correct value. The change has had no impact upon the Core Statements or net worth of the Council.	
2.1.4 Collection Fund. Write-offs for council tax (£97,707) and non-domestic rates (£506,468) were not disclosed separately within the Collection Fund. The figures were netted-off the increase in the bad debt provision. The figures have been separated out, as per the Auditor's request. The balance on the collection fund remains unchanged. The net worth of the Council is also unchanged.	
2.1.5 The Group Comprehensive Income & Expenditure Statement (CI&ES). The surplus within the Group CI&ES was incorrectly presented as it included figures from an obsolete set of Ubico Ltd accounts. The Group CI&ES now shows a revised 'Total Comprehensive Income and Expenditure' surplus of £12,259,726 - £79,000 less than in the draft Statement of Accounts.	

2.1.6 The Group Cash Flow. The Council's Auditors have identified a need for a Group Cash Flow statement in addition to the CDC single-entity Cash Flow statement. The statement is not included in the version of the accounts that are attached to this report. The Committee will be updated on this matter at the meeting on 22nd September.

Unadjusted misstatements:

2.1.7 The Auditors have identified a provision that has been established to offset potential losses in respect of its funds held in Icelandic Krona. The Council still holds the balance of the "Glitnir investment" in Icelandic Krona, pending a decision for the currency to be converted to sterling. The Grant Thornton view is that the correct accounting treatment would be to establish an earmarked reserve for any 'provision-type-reserve' rather than a provision itself. The provision was established to provide transparency in relation to this transaction and the likely writing-down in value the Council would expect, should the balance in Icelandic Krona be converted into sterling and taxation, or other currency losses, reduce the sterling value of the repatriated balance. The accounts have not been amended in this area despite Grant Thornton's observations. The Council's accounting treatment will be reviewed during the preparation of the 2015/16 financial statements.

Other changes to the accounts:

2.1.8 A small number of other misclassifications and disclosure changes have been made to the accounts. These include the correction of rounding errors or spelling mistakes. A small number of other notes have been re-worded or expanded, where recommended by the Auditors. None of the misclassifications & disclosure changes resulting from the Audit affects the 'net worth' of the Council.

3. Approval and Publication of the Statement of Accounts

3.1 The Council is required to formally approve its audited Statement of Accounts by 30th September. The Audit Committee is asked to formally approve the Statement of Accounts on behalf of the Council.

3.2 A copy of the Audited Statement of Accounts is attached as a separate document attached to the agenda papers. Once approved, the audited statement will be published on the Council's website.

(END)