



23<sup>rd</sup> AUGUST 2016

**AUDIT COMMITTEE**

**AGENDA ITEM (10)**

**STATEMENT OF ACCOUNTS 2015/16**

<b>Accountable Member</b>	Not Applicable
<b>Accountable Officer</b>	Jenny Poole Chief Finance Officer 01285 623313 jenny.poole@cotswold.gov.uk

<b>Purpose of Report</b>	To present the audited Statement of Accounts 2015/16 to the Committee for review and approval
<b>Recommendation</b>	<b>That the audited 2015/16 Statement of Accounts be approved for signature by the Chairman of this Committee.</b>
<b>Reason for Recommendation</b>	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)

<b>Ward(s) Affected</b>	N/A
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No

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

<b>Related Decisions</b>	Revenue Outturn Report 2015/16 presented to Cabinet 16 <sup>th</sup> June 2016
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	The Audit Committee received the core statements from the draft Statement of Accounts and a summary of the major figures from the draft statement at its meeting of on 28 <sup>th</sup> June 2016.
<b>Background Documents</b>	None
<b>Appendices</b>	<b>Appendix 'A' - Statement of Accounts 2015/16</b>

<b>Performance Management Follow Up</b>	N/A
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## **Background Information**

### 1. The Draft Statement of Accounts

1.1 The Narrative Report, Accounting Policies and Core Financial Statement from the draft Statement of Accounts were presented to the Audit Committee on 28<sup>th</sup> June 2016 (Minute AUD.14 refers). The figures presented to the Committee represented 'pre-audit' figures from the Accounts. The Council's External Auditor has largely completed the review of the accounts and the audited Statements are being presented for consideration.

1.2 During the period of the audit, the Auditor reviewed the Council's draft Statement of Accounts and supporting working papers. This report aims to highlight areas of change following the Grant Thornton review.

### 2. Changes from the Draft Statement of Accounts

2.1 The Audit identified two 'misstatements' within the Accounts that required correction relating to asset revaluations and the disclosure between Short and Long-term Debtors:

#### 2.1.1 Asset Revaluations

2.1.1.1 By reference to available indices, the Auditor questioned the valuation of the Council's Leisure Centres. The Council's Leisure Centres were last formally revalued in 2014. When challenged, the Council's Valuer confirmed that the assets were potentially undervalued in the accounts. As a result, the Valuer formally re-assessed three Leisure Centre assets, which resulted in a revaluation gain of almost £4.4m.

2.1.1.2 Due to the nature of the adjustment required, the required changes affected the Comprehensive Income & Expenditure Statement, Movement in Reserves Statement and Balance Sheet, as well as a further six of the supporting notes to the accounts. The 'net worth' of the Council increased by £4.4m as a result of the adjustment.

#### 2.1.2 Short and Long-Term Debtors

2.1.2.1 Note 41 discloses £266,415 of lease income receivable for 2016/17. Within the Debtors note, the full lease receivable figure was categorised under 'Long-Term Debtors'. The element of the lease receivable in 2016/17 should be disclosed as a short term debtor as it is receivable within the 12-months. An adjustment was made between long-term and short-term debtors to make the change. The movement affected Note 18 (Debtors) and short and long-term debtor balances on the balance sheet. The change has no impact upon the overall net worth of the Council.

#### 2.1.3 Other Changes to the Accounts:

2.1.3.1 The draft Statement of Accounts was prepared before the Cabinet had formally reviewed the outturn report. At its Meeting on 16th June 2016, the Cabinet approved an additional transfer to earmarked reserves of £520,000 to top-up the Business Rates Smoothing Reserve and to establish a Planning Appeals reserve (Minute CAB.10 referred).

2.1.3.2 The transfers therefore reduced the revenue underspend from the draft £1,336,084 figure to a contribution to General Fund balance to £816,084.

2.1.3.3 The Annual Governance Statement (AGS) has also been updated during the period of the audit to reflect the completion of further 2015/16 internal audit reports. An additional limited assurance report has been issued by Audit Cotswolds (on GOSS Health & Safety). The final AGS has been updated to include the outcome of the findings.

2.1.3.4 A small number of other misclassifications and disclosure changes have been made to the accounts. Misclassification and disclose changes represent less significant changes, such as the correction of rounding errors, the transposition of numbers within tables or expanding narrative has been necessary. None of the misclassifications and disclosure changes resulting from the audit affect the 'net worth' of the Council.

### 3. Early c=Closure of the Accounts

3.1 Local Authorities are required to approve and publish their accounts by 30<sup>th</sup> June (draft) and 30<sup>th</sup> September (final). The Audit and Accounts Regulations 2015 give notice that, for the 2017/18 financial year, authorities will be required to bring-forward the completion of their draft accounts by a month, to 31<sup>st</sup> May, and by two months to 31<sup>st</sup> July for the audited Statement of Accounts.

3.2 Although two years in the future, the Finance team reviewed its practices and procedures, and brought forward deadlines as a practice for 'early closedown'. By reducing timescales and implementing its own internal deadlines the team was able to produce the draft accounts two weeks earlier than in previous years. In addition, by approving the accounts in August, the accounts have been audited one-month earlier than in previous years.

3.3 The process has highlighted particular bottlenecks and issues with the closedown process. These issues will be reviewed and incorporated into the 2016/17 closedown timetable to facilitate earlier closedown for 2016/17 onwards.

### 4. Approval and Publication of the Statement of Accounts

4.1 The Audit Committee is asked to formally approve the Statement of Accounts, at **Appendix 'A'** and enclosed as a separate document with this agenda, on behalf of the Council. Please bring your copy of the Statement of Accounts with you to the Meeting.

4.2 Once approved, a copy of the Audited Statement of Accounts will be published on the Council's Website.

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