

Report of	Meeting	Date
Chief Finance Officer	Governance Committee	24 June 2015

DRAFT STATEMENT OF ACCOUNTS 2014/15

PURPOSE OF REPORT

1. To present the draft Statement of Accounts (SOA) for 2014/15 before they are signed and authorised for issue by the Chief Finance Officer, which has to be done before the end of June 2015.
2. To advise about the process leading up to the formal submission of the SOA for approval by Members following the completion of the external audit.
3. To advise Members about the new statutory requirements arising from the Accounts and Audit Regulations 2015.

RECOMMENDATION(S)

4. That the report be noted.

EXECUTIVE SUMMARY OF REPORT

5. This report advises about the statutory requirements for signature, audit, inspection and publication of the accounts. The statement is currently an unsigned draft, which may be subject to change before being signed and made available to the External Auditor. The SOA cannot be signed until Executive Cabinet approves transfers to reserves and financing of the capital programme at its 25 June 2015 meeting.
6. The Accounts and Audit Regulations 2015 came into force on 1 April 2015. The main impact of the 2015 Regulations is that changes to the year-end closedown process and external audit arrangements will be required to enable the Council's audited accounts to be published 2 months earlier than they are currently. This deadline applies from 2017/18 onwards, 2015/16 and 2016/17 being transition years.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	√

BACKGROUND

8. This report explains the Council's year-end financial position as it should be presented in the Statement of Accounts for 2014/15. It does not make detailed comparisons between actual revenue and capital expenditure compared to budgeted expenditure for 2014/15. Budget monitoring reports have been presented to Executive Cabinet throughout the year, and the provisional outturn report for 2014/15 is to be submitted to the meeting of 25 June 2015. Figures in the draft SOA have been prepared on the assumption that a number of recommendations will be approved, in particular in respect of transfers to earmarked reserves and the financing of the capital programme. Should any recommendations be rejected or amended, it would be necessary to amend the SOA before presentation for formal approval.
9. Training on local government accounts and the content of the 2014/15 SOA will be offered to Members during the summer, before completion of the audit of the statement.

STATUTORY REQUIREMENTS

10. Regulation 8 of the Accounts and Audit (England) Regulations 2011 requires:
 - The responsible financial officer must, by June 30, sign and date the Statement of Accounts and certify that it presents a true and fair view of the financial position of the Authority at the year end and the income and expenditure for the year.
 - By September 30 the responsible financial officer must re-certify the Statement following the audit, the Governance Committee must consider and approve the Statement of Accounts, and the Chairman must sign it. The Statement of Accounts and the External Auditor's statement must be published.
11. The Statement of Accounts now presented to Governance Committee is therefore an unsigned draft for information only, and will not be submitted for approval until September, after completion of the audit. The SOA to be presented for audit will be signed by the end of June, and may include changes to the version presented today.
12. The Council's External Auditors plan to conduct their final audit work during July and August. The Accounts will be available for public inspection from Monday 20 July 2015 for a period of 20 working days. This will be advertised on the Council's web site and in the local press by 7 July. The appointed day, on which electors may meet and question the Council's External Auditors in connection with their audit of the 2014/15 Statement of Accounts, has been designated as Monday 17 August 2015. After conclusion of the audit and approval by Governance Committee, the SOA will be published on the Council's web site by 30 September 2015, and printed copies will be available on request.

ACCOUNTS AND AUDIT REGULATIONS 2015

13. The Accounts and Audit Regulations 2015 were laid before parliament on 17 February and came into force on 1 April 2015. The 2015 Regulations contain provisions on financial management, annual accounts, internal control and audit procedures affecting all local authorities and a number of other local public bodies.
14. The Accounts and Audit Regulations 2015 revoke the Accounts and Audit (England) Regulations 2011 (and related adjusting amendments), although those regulations continue to have an effect in relation to financial years ending on or before 31 March 2015. The

Council's Statement of Accounts for 2014/15 will therefore be subject to the requirements of the 2011 Regulations.

15. The regulations define relevant authorities as Category 1 and Category 2 authorities. Chorley Council is a Category 1 authority, defined as authorities that are not smaller authorities or smaller authorities that have chosen to prepare their accounts for the purpose of a full audit. All other authorities are classed as Category 2 authorities. The requirements of the regulations are identified separately for Category 1 and Category 2 authorities. The remainder of this section will focus on the regulations for Category 1 authorities only.
16. For financial years up to and including 2014/15 the 2011 Regulations apply and those requirements are highlighted above. The 2015 regulations bring forward significantly the timetable for the closure of Accounts as follows;
 - the responsible financial officer must certify the presentation of the accounts (note no date is provided for this in the regulations, although the implication is 31 May as the accounts will be open for public inspection from 1 June).
 - the annual accounts (including Annual Governance Statement) must be published with the audit opinion and certificate, and before that must have been approved by members, by no later than 31 July.
 - the responsible financial officer must re-certify the presentation of the annual accounts before Member approval is given.
17. A review and streamlining of the year-end closedown process, particular the external audit arrangements, will be required to enable the Council's audited accounts to be published 2 months earlier than they are currently. In recognition of this, the 2015 Regulations make transitory provisions for the Statement of Accounts relating to financial years 2015/16 and 2016/17 with continuation of the current 30 September deadline for publication of audited accounts and the implication is that sign off by the responsible finance officer also remains at 30 June for 2015/16 and 2016/17.
18. For financial years up to and including 2014/15 the 2011 Regulations require that the Council make available for public inspection the accounts and other relevant documents for 20 working days before the date appointed by the Council's external auditor for questions and/or objections. The Council must give at least 14 days' notice of the public inspection period.
19. The 2015 Regulations require that the responsible finance officer must ensure that the period for the exercise of public rights includes the first 10 working days of June of the financial year immediately following the end of the financial year being reported (transitional arrangements allow for this period to relate to the first 10 working days of July for reporting on financial years 2015/16 and 2016/17). The period for the exercise of public rights (which will include rights of objection, inspection and questioning of the external auditor) may only be exercised within a 30 day period. During the period for the exercise of public rights the council must make all relevant documents available for public inspection.
20. There are other minor changes in the 2015 Regulations that will apply from 2015/16. Those worth noting are:
 - Documents relating to the published Statement of Accounts must remain available for public access for a period of not less than 5 years
 - A narrative statement must be prepared to support the Statement of Accounts. It must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the relevant financial year.

IMPLICATIONS OF REPORT

21. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

22. The draft Statement of Accounts 2014/15 has been prepared in compliance with relevant accounting standards and codes of practice.

COMMENTS OF THE MONITORING OFFICER

23. The Monitoring Officer has no comments.

GARY HALL
CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

Background Papers			
Document	Date	File	Place of Inspection
Accounts and Audit (England) Regulations 2011	15 March 2011	Electronic document	Town Hall
Accounts and Audit (England) Regulations 2015	12 February 2015	Electronic document	Town Hall

Report Author	Ext	Date	Doc ID
Michael Jackson	5490	15 June 2015	SOA 2014-15 Report June Governance.docx