

Report of	Meeting	Date
Chief Finance Officer	Governance Committee	22 June 2016

## DRAFT STATEMENT OF ACCOUNTS 2015/16

### PURPOSE OF REPORT

1. To present the draft Statement of Accounts (SOA) for 2015/16 before they are signed and authorised for issue by the Chief Finance Officer, which has to be done before the end of June 2016.
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 current version of the document does not include the Annual Governance Statement, which will be added at a later date.
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.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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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 presented in the Statement of Accounts for 2015/16. It does not make detailed comparisons between actual revenue and capital expenditure compared to budgeted expenditure for 2015/16. Budget monitoring reports have been presented to Executive Cabinet throughout the year, and the provisional outturn report for 2015/16 is to be submitted to the meeting of 30 June 2016. Note 27 in the Statement provides a reconciliation between amounts presented in budget monitoring format and those presented in the Comprehensive Income and Expenditure Statement.
9. 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.

## **ACCOUNTS AND AUDIT REGULATIONS 2015**

10. The Accounts and Audit Regulations 2015 came into force on 1 April 2015. They contain provisions on financial management, annual accounts, internal control and audit procedures affecting all local authorities and a number of other local public bodies.
11. The 2015 Regulations revoked the Accounts and Audit (England) Regulations 2011 (and related adjusting amendments). Those regulations continued 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 was prepared subject to the requirements of the 2011 Regulations. The 2015/16 Statement is the first prepared subject to the requirements of the 2015 Regulations.
12. 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.
13. The 2015 regulations bring forward significantly the timetable for the closure of Accounts as follows;
  - the Responsible Financial Officer (RFO) 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 RFO must re-certify the presentation of the annual accounts before Member approval is given.
14. A review and streamlining of the year-end closedown process, including the external audit arrangements, will be required to enable the Council's audited accounts to be published two months earlier than they are currently. In recognition of this, the 2015 Regulations made 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 sign off by the RFO also remains at 30 June for 2015/16 and 2016/17.
15. The 2015 Regulations require that the RFO 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.

16. Anyone can ask questions about the accounts, but only local electors can ask questions formally. Questions must be submitted in writing to the External Auditor's regional office, the address of which is as follows: **Grant Thornton LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB.**
17. There are other minor changes in the 2015 Regulations that now apply. 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. It replaces the explanatory foreword previously included in the Statement of Accounts.
  - Publication requirements in respect of the Annual Governance Statement are clarified. These will be met by including the AGS in the Statement of Accounts, following the Collection Fund statement and its notes.
18. Regulation 15(2) states that the RFO must publish all the following before the public inspection period can begin:
  - the statement of accounts, signed and dated by the RFO;
  - a declaration signed by the RFO stating that the statement of accounts is unaudited and may be subject to change;
  - the Annual Governance Statement;
  - the narrative statement; and
  - a statement which sets out the requirements of Regulation 15(2)(b) (these include:
    - the period during which electors may exercise their rights;
    - how electors should exercise their rights;
    - the name and address of the local auditor; and
    - the provisions in sections 26 and 27 of the Act on inspection of documents and the right to make objections at audit).

The Regulations no longer require Councils to give notice by advertisement of the public inspection period. The requirement is to "publish (which must include publication on the authority's website)".

## **MEMBER LEARNING HOUR**

19. Before the audited Statement of Accounts is presented to the September meeting of Governance Committee for approval, training on the content of the statement, including explanation of significant variances between financial years, will be offered. This should give Members the opportunity of asking questions about the statement in an informal situation.

## **IMPLICATIONS OF REPORT**

20. 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

21. The draft Statement of Accounts 2015/16 has been prepared in compliance with relevant accounting standards and codes of practice.

### COMMENTS OF THE MONITORING OFFICER

22. The Monitoring Officer has no comments.

GARY HALL  
CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
The Accounts and Audit Regulations 2015	12 February 2015	Electronic document	Town Hall

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Michael Jackson	5490	17 June 2016	SOA 2015-16 Report June Governance.docx