

Report of	Meeting	Date
Chief Executive	Governance Committee	14 September 2016

## STATEMENT OF ACCOUNTS 2015-16

### PURPOSE OF REPORT

1. To present for approval, by the statutory deadline of 30 September 2016, the audited Statement of Accounts for 2015/16.

### RECOMMENDATION(S)

2. That the Committee should approve the audited Statement of Accounts for 2015/16 (Appendix A), subject to any amendments which in the opinion of the Chief Financial Officer (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material. The Chief Financial Officer will exercise this delegation in consultation with the Chair of Governance Committee. In the event the Chief Financial Officer is of the opinion the amendments are considered material, Governance Committee will be reconvened to approve the new Statement of Accounts.
3. That the Committee should authorise the Chief Executive to sign the Letter of Representation.

### EXECUTIVE SUMMARY OF REPORT

4. Approval of the audited Statement of Accounts and publication by 30 September 2016 is a requirement of The Accounts and Audit Regulations 2015. The approved and signed Statement would be published on the Council's web site.
5. Though many changes to the accounts since Governance Committee of 22 June 2016 are minor, additional asset revaluations and reclassifications required changes to several statements and notes. In addition, investment property income had been disclosed in the wrong line of the Comprehensive Income and Expenditure Statement, requiring a correction to that statement and its supporting note 10. The need to change various supporting disclosures was also identified during the audit. The specific changes are explained in detail in the report.
6. The Appointed Auditor intends to issue an unqualified audit opinion of the Statement of Accounts; an unqualified Value For Money conclusion; and has presented an action plan covering four medium priority issues. Management has responded to the recommendations and implement appropriate changes as necessary.
7. At the time of preparing this report, the Appointed Auditor has a limited number of further tests to complete. Should this additional work identify the need to make further changes to Statement of Accounts presented to this meeting, a procedure for agreeing the changes in time to meet the statutory publication deadline is required. The recommendation in paragraph 2 requests approval for such a procedure.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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## CORPORATE PRIORITIES

8. 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

9. The draft Statement of Accounts 2015/16 was presented to the Governance Committee meeting of 22 June 2016. A number of changes to the draft accounts were made before they were signed by the Chief Finance Officer on 30 June 2016, and published on the Council's website together with details of public inspection rights. The signed accounts were then presented to Grant Thornton external auditors for audit. The audit of the accounts has now been completed, and the Appointed Auditor's Audit Findings Report is presented as a separate report on this agenda.
10. The Accounts and Audit Regulations 2015 require that the statement should be approved by a meeting of members by 30 September 2016. The full statement for 2015/16 is attached as Appendix A.
11. Following consideration and approval by this Committee, the Chair should sign and date the Statement, which should also be re-certified by the Chief Finance Officer (Chief Executive), and be published by 30 September 2016. The Statement of Accounts will be published on the Chorley Council web site, [www.chorley.gov.uk](http://www.chorley.gov.uk).
12. The Chief Executive, as Chief Finance Officer, should also sign the Letter of Representation.

## CHANGES TO STATEMENT OF ACCOUNTS PRESENTED TO GOVERNANCE COMMITTEE ON 22 JUNE 2016

13. There have been a number of changes to the audited Statement of Accounts for 2015/16 compared to the draft (unaudited) Statement presented on 22 June 2016. This section documents the changes made up to 30 June 2016, when the accounts were first certified. Minor changes are not documented. Appendix B to the Grant Thornton Audit Findings Report lists the changes to each statement or note in detail
14. Further revaluations of Property Plant and Equipment assets were processed after the first version of the Statement of Accounts was presented for information to Governance Committee. The revaluations required changes to the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Note 12 Property Plant and Equipment, and Note 23 Unusable Reserves. Note 12 was also amended because values of assets transferred between categories had been presented incorrectly.

15. Income from Investment Property had been disclosed incorrectly on the Planning services line of the Comprehensive Income and Expenditure Statement. The income was moved to the Financing and investment income and expenditure line in the CI&ES, and Note 10 providing further analysis was also updated.
16. None of these changes affected the Council's Usable Reserves. There was an increase in the Council's Net Assets as a result of the revaluations, matched by an increase in Unusable Reserves.

#### **CHANGES TO SIGNED STATEMENT OF ACCOUNTS PUBLISHED ON 30 JUNE 2016**

17. There have been a number of changes to the signed Statement of Accounts presented for audit. The minor changes are not documented here, but the more significant changes are explained in the following paragraphs. The changes are also reported in the Grant Thornton Audit Findings Report on this agenda, in the section 'Misclassifications and disclosure changes'. All amended figures were in disclosure notes supporting the core statements. There have been no changes to the core statements themselves, so no further changes to Net Assets and none to Usable reserves.
18. The Fair Value of PWLB debt in Note 16c Financial Instruments was disclosed incorrectly and did not comply with the new requirements of IFRS 13. The note had been updated to disclose the correct figure of £14.393m, which is a reduction of £1.251m compare to the figure previously reported.
19. In the same note, the Fair Value of Short Term Creditors had been overstated because it had not been adjusted to exclude a category of creditors which are not treated as being Financial Instruments. The adjustment was to reduce the Carrying Amount and Fair Value both by £0.924m
20. Though the total for Short Term Debtors in Note 17 correctly matched the carrying amount in the Balance Sheet, the bad debt provision relating to the Council's share of Council Tax and NNDR arrears has incorrectly been netted off the total for 'other entities and individuals'. This had reduced the gross value of the debts by £0.589m. The gross debts total has now been increased by £0.589m, and the provision for bad debts has changed by the same value, so that there is no change to the net total. No accounting entries were required.
21. A calculation error was responsible for total rentals receivable not later than one year in Leases Note 34b being overstated by £3.976m. This was a disclosure error only in the one note; it did not reflect rental income budgeted for receipt in 2016/17; and no accounting entries were required to correct the note.
22. Finally, a minor change has been made to Note 30 External Audit Costs to bring the figures for 2015/16 into line with the equivalent figures quoted in the Grant Thornton Audit Findings Report.
23. At the time of preparing this report and the version of the Statement of Accounts it introduces, the auditors are still undertaking a limited amount of checks. As a result, it is possible that they could identify further changes that would be required to core statements or supporting notes.

#### **AUDIT FINDINGS**

24. The Audit Findings report by the Appointed Auditor (Grant Thornton) includes a draft audit opinion. This indicates that the Council will be provided with an unmodified audit report

which is, in other words, an unqualified opinion. In addition, Grant Thornton propose to give an unqualified Value For Money conclusion.

25. At the time of preparing this report and the version of the Statement of Accounts it introduces, the auditors are still undertaking a limited amount of checks. Due to the audit not having been finalised, it is possible that they could identify further changes that would be required to core statements or supporting notes after Governance Committee has resolved to approve the Statement of Accounts. As a consequence, it is recommended that the Chief Financial Officer in consultation with the Chair of Governance Committee should agree any non-material changes before recertifying the Statement of Accounts. Should there be any material changes, which for 2015/16 Grant Thornton have defined as being of £0.914m or above, it would be necessary to reconvene Governance Committee to agree the changes.

## IMPLICATIONS OF REPORT

26. 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

27. All relevant comments are included within the report.

## COMMENTS OF THE MONITORING OFFICER

28. Approval and publication of the 2015/16 Statement of Accounts by 30 September 2016 is required in order to comply with The Accounts and Audit Regulations 2015.

GARY HALL  
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Michael Jackson	5490	5 September 2015	Statement of Accounts Report 2015-16 – Governance Cttee 14-9-16.docx