

EAST HERTS COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 15 JUNE 2016

DRAFT STATEMENT OF ACCOUNTS 2015/16

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- The report sets out the background to the 2015/16 Statement of Accounts for Members to consider.
- The accounts provide details of the overall financial position in the Balance Sheet, details of the revenue activities for the General Fund and the Collection Fund.
- The report also provides details of changes in reporting requirements from 2014/15 together with supporting comments on the key financial statements.

RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:	
That	
(A)	the Council's draft Statement of Accounts for the financial year 2015/16 be noted;

1 BACKGROUND

1.1 The approval of the Council's accounts is a statutory requirement. The Accounts and Audit Regulations 2011 set out the current requirements for the production and publication of the Council's annual Statement of Accounts.

1.2 These Regulations require that the draft Statement of Accounts are signed by the Council's Section 151 Officer by 30th June following the relevant accounting year and passed for audit before being approved by the relevant body of the Council (as defined by the Regulations)

following audit and then published by 30th September. The Section 151 Officer in signing the accounts is required to certify that the accounts represent a “true and fair view” of the financial position of the Council at year end.

- 1.3 Under the Local Government and Housing Act 1989 the preparation of the accounts must follow proper practices, which includes preparing accounts in accordance with the Code of Practice on Local Authority Accounting in Great Britain.
- 1.4 In line with the Council’s constitution this committee, as the relevant body, now has the benefit of receiving the External Auditor’s report on the accounts prior to Member approval.

2 Report

- 2.1 The draft Statement of Accounts is attached at **Essential Reference Paper B** to the report.
- 2.2 The audit of the accounts has now been substantially completed and the External Auditor’s report is included on this committee’s agenda. No significant issues have arisen throughout the audit process and officers have agreed and undertaken some presentational and disclosure adjustments that have had no overall net effect on the Council’s reported assets and liabilities.
- 2.3 The Statement of Accounts, as defined in the regulations and specified in the relevant sections of the CIPFA Code of Practice, comprises:
 - A Narrative Statement
 - Statement of Responsibilities for the Statement of Accounts
 - The accounting statements
 - A statement of accounting policies
 - Notes to the accounts
- 2.4 The Statement of Accounts is a complex and technical document set out in a prescribed format to present a complete set of financial accounts. The Council’s financial performance for 2015/16, which is reflected in the accounts presented, was presented in the Outturn Report to Executive on 7 June 2016.
- 2.5 The following paragraphs summarise the purpose of the core financial statements:

Movement in Reserves Statement (MIRS)

- 2.5.1 The MIRS shows the movement during the year on the reserves held by the Council. There are usable reserves, those that can be applied to fund expenditure or reduce taxation, and unusable reserves.

Comprehensive Income and Expenditure Statement (CIES)

- 2.5.2 This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles (GAAP), rather than the amount to be funded from taxation.
- 2.5.3 The CIES shows accounting entries which are required under statute in respect of capital, pensions and asset revaluations but which do not affect the funding position of the Council.

Balance Sheet

- 2.5.4 The consolidated Balance Sheet sets out the assets and liabilities of all activities of the Council at the end of the financial year. It is a guide to the financial health of the Council.
- 2.5.5 The Balance Sheet shows the balances and reserves at the disposal of the Council together with the fixed and non-current assets which are employed by the Council in delivering its services.

Cash Flow Statement (CFS)

- 2.5.6 The CFS summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

3 Implications/Consultation

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper A**.

Background Papers:

Essential Reference Paper B contains the draft 2015/16 Statement of Accounts.

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