

Agenda Item No: 13 **Report No:**78/15
Report Title: Statement of Accounts 2014/2015
Report To: Audit and Standards Committee **Date:** 22 June 2015
Ward(s) Affected: All
Report By: Alan Osborne, Director of Corporate Services
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Purpose of Report:

To provide assurance to the Audit and Standards Committee that the Council's Statement of Accounts for 2014/2015 has been prepared in accordance with statutory requirements and recommended accounting practice.

Officers Recommendation:

1. To note the contents of this report.
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Reasons for Recommendations

- 1 The Council's constitution enables the Audit and Standards Committee to approve the Annual Statement of Accounts. The Accounts and Audit Regulations 2011 require the Director of Corporate Services to certify by 30 June that the Statement of Accounts presents fairly the financial position of the Council, in advance of the external audit of those Accounts taking place.

Information

2 Approval of the Accounts

- 2.1 The Audit and Standards Committee is required to approve the Council's annual formal Accounts, which include statements of its income and expenditure for the year and its balance sheet at the year end. The requirement stems from the Council's Constitution, the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting published each year by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.2 The Accounts and Audit Regulations 2011 specify the framework for the approval and auditing of local authority accounting statements. The requirement is for the responsible financial officer (the Director of Corporate Services) to certify the Accounts before 30 June, with no approval by councillors at that

stage. The external audit then takes place, with a final set of Accounts, including any necessary amendments, being brought to councillors to approve by 30 September, the final deadline for publication. The intended consequence of the Regulations is that, when approving the Accounts, councillors can be made aware of the findings of the audit and hence make a better informed decision.

- 2.3** At the time of writing this report, it is the intention that the Director of Corporate Services will certify the Statement of Accounts 2014/2015 on 29 June, maximising the time available for final 'quality checking'. It will then be sent to the Council's external auditor, BDO, triggering the start of their audit work. It will also be published on the Council's website.
- 2.4** Members of the public have the right to inspect the Council's accounts and supporting records. The period for public inspection will run from Monday 6 July to Friday 31 July 2015. From 3 August 2015 until the conclusion of the audit process, a local government elector for the area of the Council may ask BDO questions about the accounts.

3 Format of the Accounts

- 3.1** The Statement of Accounts comprises the following core elements:

Movement in Reserves Statement - this shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those the Council can apply to fund expenditure or reduce local taxation) and other reserves.

Comprehensive Income and Expenditure Statement - this records all of the spending and income used in the day to day provision of all services including Council housing and also includes any profit or loss from the use and disposal of assets within the period. The account also shows how much is received from council taxpayers, business ratepayers and from general government grants to help meet the cost of services.

Balance Sheet – this provides a snapshot of the Council's financial position as at 31 March 2015 and includes the General Fund and Housing Revenue Account balances. It sets out what the Council owns, owes and is owed at that point in time.

Cash Flow Statement – this summarises the total receipts and payments of cash arising from the Council's activities in the year ie it excludes amounts which the Council owes but has not yet paid and is owed but has not yet received.

Notes to the Financial Statements – these explain the significant items within each of the core elements along with an explanation of the accounting policies that were followed when compiling and presenting the Accounts.

Housing Revenue Account – this statutory 'ring-fenced' account reports for the year on the management of the Council's housing stock. It shows the major elements of housing running costs (maintenance, management and capital

financing costs) and how these are met by rents, service charges and other income.

Collection Fund – this shows the Council’s transactions in relation to the collection of non-domestic rates and council tax, and their payment over to the Government and ‘precepting authorities’ (East Sussex County Council, the Sussex Police and Crime Commissioner, East Sussex Fire Authority and Lewes District Council).

Statement of Responsibilities for the Statement of Accounts – this explains the relative responsibilities of the Council and Director of Corporate Services in terms of making arrangements for the administration of the Council’s financial affairs, keeping financial records, etc. Before publication of the audited Accounts in September, the Chair of the Audit and Standards Committee and the Director of Corporate Services will sign this Statement.

- 3.2** In 2013, CIPFA published a good practice guide for local authorities’ financial statements. This looks at how presentation can be improved and clutter cut from the accounts. CIPFA consider that too often, organisations play safe by including in the accounts every disclosure required by standards, in case an omission is questioned, and that, also too often, auditors question the omission of non-material disclosures, encouraging this behaviour.
- 3.3** Drawing on CIPFA’s guide, the Statement of Accounts 2014/2015 has been produced with a focus on materiality and the exclusion of information that contributes little to the understanding of the accounts or the Council’s overall financial position.

Financial Implications

- 4** There are no additional financial implications arising from this report.

Sustainability Implications

- 5** The Sustainability Screening process for this Report took place in June 2015. There are no implications for sustainability.

Risk Management Implications

- 6** I have completed the Risk Management Questionnaire. The issues covered by the recommendations are not significant in terms of risk.

Equality Screening

- 7** The Equality Screening process for this Report took place in June 2015. There are no implications for equality.

Background Papers - Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and Guidance Notes for Practitioners.