

28 June 2016

Report of	Assistant Chief Executive	Author	Steve Heath ☎ 282389
Title	Draft Annual Statement of Accounts 2015/16		
Wards affected	Not applicable		

This report sets out the arrangements for the audit and approval of the Draft Statement of Accounts for 2015/2016

1. Decisions Required

- 1.1 To consider this report relating to the pre-audit Statement of Accounts for 2015/16.
- 1.2 To consider the proposal for a separate internal briefing session for the Committee prior to the scheduled meeting for approval of the audited accounts of 26 July 2016.

2. Statement of Accounts 2015/16

- 2.1 The Accounts and Audit (England) Regulations 2015 have made a number of changes relating to the audit of local public bodies, including the following:
 - The deadline for the draft accounts to be certified by the Responsible Financial Officer to be brought forward from 30 June to 31 May.
 - The deadline for approving and publishing the audited accounts to be brought forward from 30 September to 31 July.
- 2.2 Both changes will be effective from the accounts for 2017/18. The advanced notice was intended to give authorities time to make the necessary changes in their processes, but it was hoped that they would move to the new timetable as soon as they could. Accordingly, we have worked towards achieving the new deadlines for the 2015/16 accounts.
- 2.3 The draft accounts for 2015/16 have now been compiled, and they were certified by the Responsible Financial Officer on 27 May 2016, which is in advance of the current statutory deadline of 30 June. It is suggested good practice to publish the draft Statement of Accounts on the Council's website, in line with the Government's policy of increased transparency. This took place on 31 May, and the accounts can be accessed via the link below:

<http://www.colchester.gov.uk/article/11907/Statement-of-Accounts---Colchester-Borough-Council>
- 2.4 The Statement of Accounts for 2015/16 has been prepared using the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and the Service Reporting Code of Practice 2015/16. The key areas of the Statement of Accounts, including the main financial statements are explained in the annex to this report.
- 2.5 The final accounts audit commenced on 6 June, and the External Auditor will report to the meeting of this Committee on 26 July. The report will detail the findings of the final

accounts audit, address any matters arising out of the audit and comment on the proposed audit opinion on the accounts. The Responsible Financial Officer must re-certify the presentation of the annual accounts before Member approval is given.

- 2.6 For the 2015/16 accounts the Council aims to have secured Member approval and published the accounts with the audit opinion and certificate prior to the revised deadline of 31 July, which is two months in advance of the current statutory deadline of 30 September. The published statement, including the Auditors' opinion, would then be reported to the meeting of the Committee on 13 September 2016.
- 2.7 As has been the case in prior years, it is proposed that an internal briefing session for Members is arranged to take place prior to the Committee of 26 July 2016 where Members will be asked to approve the certified accounts. It is important that all Members sitting on the Committee on this date attend this briefing. The session will seek to explain the purpose of the main statements, and provide a broader understanding of the contents of the accounts and the Auditors' report. This, in turn, should enable those Members approving the accounts to be satisfied that the presentation appears appropriate, and that the accounts are consistent with other financial information provided. Members are requested to advise of any particular areas of concern in advance so they can be addressed within the session.

3. Strategic Plan References

- 3.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2015/16.

4. Publicity Considerations

- 4.1 The accounts are open for public inspection from Monday 6 June to Friday 15 July to meet our legal duties. These dates are shown on the Council's website and can be accessed via the link below:

<http://www.colchester.gov.uk/article/16018/Audit-of-Accounts>

- 4.2 Staff will be available to provide information and respond to questions during this period. The local press also usually take the opportunity to view the accounts and information will be provided as appropriate.

5. Financial Implications

- 5.1 The approval of the Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.
- 5.2 The Scrutiny Panel received periodic financial reports during the course of the financial year. The pre-audit revenue and capital outturn results for the financial year 2015/16 were considered by the Scrutiny Panel on 21 June 2016.

6. Other Standard References

- 6.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

Background Papers

None

Key Areas of the Statement of Accounts

Movement in Reserves Statement

This statement is a summary of the movements in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' and 'unusable reserves'.

Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves include a number of adjustments that reflect the difference between the requirements of proper accounting practices and the statutory arrangements for the setting of Council Tax and Housing Rents.

Comprehensive Income and Expenditure Account

This statement consolidates all the gains and losses experienced by the Council during the financial year as a result of incurring expenditure on its major functions, and generating income from the Collection Fund and from Central Government. The total of this account shows the increase/decrease in the net worth of the Council, which agrees to the movement on the Total Net Assets shown on the Balance Sheet.

Balance Sheet

This statement summarises the Council's financial position at the year end. It shows assets and liabilities that the Council holds or has accrued with other parties. These are matched by the reserves available to the Council, which fall into two categories – usable and unusable.

Cash Flow Statement

This statement summarises the cash flows that have taken place into and out of the Council's bank accounts over the financial year. It separates the flows that have occurred as a result of the Council's operations, those flows arising from investing activities and those flows attributable to financing decisions made by the Council.

Housing Revenue Account Income and Expenditure Statement

This statement reflects the requirement to account separately for income and expenditure relating to the assets held by the Council for the purposes of housing. It shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The increase or decrease on the HRA balance on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Collection Fund Accounts

These accounts show the amounts involved in the collection and distribution of Council Tax and Non-Domestic Rates. The year end balances are distributed across the Balance Sheets of the Billing authority, Government and Precepting authorities in accordance with the IFRS Code.

Group Accounts

These accounts bring together the financial position of the Council and its interest in Colchester Borough Homes Limited and Colchester Community Stadium Limited.