

Corporate Governance and Standards Committee Report

Report of the Managing Director

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## 2015-16 Audited Statement of Accounts

### Executive Summary

The terms of reference of the Corporate Governance and Standards Committee include approval of the statutory Statement of Accounts on behalf of the Council. The audited Statement of Accounts are attached at Appendix 1. The Audit Findings report, presented elsewhere on this agenda, covers the changes made to the accounts between the draft accounts, issued on 30 June 2016 and presented to Corporate Governance and Standards Committee on 28 July 2016, and the audited accounts. The changes made, relate to disclosure notes within the accounts. The main financial statements have not changed.

### Recommendation to Committee

- (1) That the Committee approves the Statement of Accounts 2015-16, as set out in Appendix 1.
- (2) That the Chairman of the Committee signs the official copy of the accounts to state they are approved.

### Reason for Recommendation:

To comply with the Accounts and Audit Regulations 2015 to approve the statutory Statement of Accounts by 30 September.

### 1. Purpose of Report

- 1.1 This report presents the audited statutory Statement of Accounts 2015-16 for approval by the Committee.

### 2. Strategic Framework

- 2.1 Good financial management underpins the achievement of the Council's Corporate Plan.

### **3. Background**

- 3.1 The terms of reference of the Corporate Governance and Standards Committee include approval of the statutory Statement of Accounts on behalf of the Council.
  - 3.2 The Committee received the draft statement of accounts for 2015-16 and a presentation outlining the key messages within the accounts at its meeting on 28 July 2016.
  - 3.3 The external auditor, Grant Thornton UK LLP, has completed the audit and the CFO has re-certified the Statement of Accounts.
  - 3.4 No changes have been made to the primary financial statements during the audit however, some items were found that required changes to notes to the primary financial statements. Of the changes required, the majority were minor and presentational in nature. The most significant were as follows:
    - 3.4.1 Note 28: Financial Instruments – an adjustment has been made to the fair values of financial assets and the maturity analysis of the principal sums borrowed in line with the auditor's recommendations
    - 3.4.2 Note 30: Critical Judgements in applying accounting policies, now includes the following judgements:
      - We have judged that it is appropriate to calculate the fair value of PWLB loans by reference to rates from the local authority bonds market as adjusted for interest rate swap rates available from Bloomberg.
      - The value of property, plant and equipment (PPE) on the balance sheet includes the value of certain land and buildings that were not formally revalued during the year under the Council's rolling programme of revaluations. The Council has determined that the value of other land and buildings (OLB) within PPE on the balance sheet would have to be understated by more than a significant amount or overstated by more than a significant amount to mislead a user of the accounts and therefore to require these assets to be formally revalued.
  - 3.5 The Audit Findings report, which is presented elsewhere on this agenda, covers the changes in the section on misclassifications and disclosure changes. The accounts attached at Appendix 1 include the changes.
  - 3.6 The external auditor intends to issue an unqualified opinion on the financial statements.
- ### **4. Financial Implications**
- 4.1 There are no financial implications arising from this report.

## **5. Legal Implications**

- 5.1 The Accounts and Audit Regulations 2015 require that the Council or a committee must consider and approve the statement of accounts no later than 30 September. The Council has delegated this responsibility to the Corporate Governance and Standards Committee.
- 5.2 The Accounts and Audit regulations also require the person presiding at the meeting to sign and date the statements that we must then publish, accompanied by the auditor's report, no later than 30 September.

## **6. Human Resource Implications**

- 6.1 There are no human resource implications arising from of this report.

## **7. Conclusion**

- 7.1 The audit of the 2015-16 accounts is complete and the independent auditor intends to issue an unqualified opinion on the financial statements, which the CFO has re-certified in accordance with the Accounts and Audit Regulations 2015.

## **8. Background Papers**

None

## **9. Appendices**

Appendix 1 – Statement of Accounts