



Report To: Audit and Corporate Governance
Committee
Lead Officer: Executive Director (Corporate Services)

24 June 2016

Narrative Report and Statement of Accounts 2015-16 (subject to audit)

Purpose

1. To endorse the Statement of Accounts 2015-16; distributed as a separate document.

Recommendations

2. The Audit and Corporate Governance Committee is recommended to endorse the Statement of Accounts 2015-16.

Background

3. The Accounts and Audit Regulations 2003 used to require the draft Statement of Accounts to be approved before 30 June by Council or by a delegated Committee.
4. The Accounts and Audit Regulations 2011 changed the approval requirements so that the responsible financial officer (in this Council, the Executive Director (Corporate Services)) must, no later than the 30 June, sign and date the Statement of Accounts and certify that it presents a true and fair view of the financial position of the Council at the year end and of the income and expenditure for the year.
5. The Council or a delegated Committee must then, no later than 30 September, consider and approve the accounts – so that, when Members approve the accounts, the results of the audit of accounts will be known and any amendments required by the auditors and agreed by the Council will be incorporated in the accounts submitted for approval.
6. In October 2000, a statutory instrument was issued setting out the functions which were not to be the responsibility of an authority's executive. One of these functions was the duty to approve the authority's Statement of Accounts. At its meeting in March 2007, Council resolved that the terms of reference of the audit panel (now known as Audit and Corporate Governance Committee) be extended to incorporate approval of the Statement of Accounts.

Considerations

7. I am pleased to report that the Statement of Accounts 2015-16 has been produced, subject to audit. The production of the accounts under international financial reporting standards is complex and involved and requires a significant and concentrated staff commitment to meet statutory deadlines.

8. The contents of the Statement of Accounts are largely determined by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy. The Code is updated annually and is based on international finance reporting standards. The main financial statements are:
 - I. A movement in reserves statement which shows all reserves and the movement in usable reserves, such as the general fund and housing revenue account working balances which can be used to provide services or keep down council tax/rent increases, and the movement in unusable reserves which are mainly accounting balances.
 - II. A comprehensive income and expenditure statement which combines the income and expenditure account and the statement of total recognised gains and losses.
 - III. A balance sheet which again reflects the distinction between usable and unusable reserves: and
 - IV. much of the detail in the above statements, and the cash flow statement, is now shown in the notes to the accounts.
9. The Narrative Report (formerly the Explanatory Foreword) is intended to explain in overall terms and in an easily understandable manner the Council's financial position including a comparison of actual expenditure with original estimate. A more detailed report on actual expenditure compared to original estimate will be submitted to the Cabinet meeting on 14 July.
10. In view of the detailed technical processes involved in the preparation of the Statement of Accounts and accompanying explanatory information, it will be helpful if Members provide advance notice of any questions, thereby allowing time for any associated research to be completed.
11. The Statement of Accounts is issued subject to audit. The audit is due to take place in July/August. The accounts and other related documents will be available for inspection by the public from 24 June to the 4 August 2016 and during the same period electors or their representatives may question the auditor about or make objections to the accounts for the year ended 31 March 2016.
12. The Statement of Accounts is published on the Council's website.

Options

13. The Committee may propose amendments and improvements to the presentation of the Statement of Accounts.

Implications

14. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

- Financial**
15. The actual working balances will be incorporated in the next review of the Medium Term Financial Strategy.

- Legal**
16. The Code constitutes a proper accounting practice under the Local Government Act 2003 and local authorities are legally required to comply with the Code.

- Staffing**
17. There is a risk that the accounts may not be closed in accordance with the statutory deadlines if vacancies and/or sickness occur at critical times. This is a reputational risk –there are no financial penalties for not complying with the deadline.

- Risk Management**
18. The short deadlines and increasing complexity allow less time for preparation, checking and reviewing and there is, therefore, also the risk that errors may occur in the Statement of Accounts.

Consultation (including the Youth Council)

19. None

Effect on Strategic Aims

20. This report has no direct implications for any of the Strategic Aims but any variation in the expenditure on individual services might have affected the achievement of the aims and objectives.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Statement of accounts distributed as a separate document and associated working papers

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