

Bolsover District Council

Audit Committee

22nd June 2015

Draft Statement of Accounts (including Annual Governance Statement) 2014/15.

Report of the Executive Director – Operations

This report is public

Purpose of the Report

- To note the provisional outturn position in respect of 2014/15 as summarised within the introduction to the Accounts provided by the Chief Financial Officer.
- To note that in line with the Accounts and Audit Regulations 2011 that the Chief Financial Officer will sign off the draft Statement of Accounts on behalf of the Council. The draft Statement of Accounts will be submitted for External Audit on the 30th June 2015.
- To obtain agreement to the Annual Governance Statement 2014/15 which will be published alongside the Council's Statement of Accounts.
- To allow the Audit Committee to consider the draft Statement of Accounts before they are submitted for Audit.

1 Report Details

Background Information

- 1.1 An amendment to the Accounts and Audit Regulations significantly changed the process of preparing local authority accounts. The procedures that are now in place are more in line with those which apply to company accounts and Members will now only be requested to approve the annual accounts after the findings of the independent external audit are known. At the end of June the draft accounts are signed off by the Chief Financial Officer, with the audited accounts being brought back to the meeting of this Committee on the 23 September 2014 for approval on behalf of the Council. The Accounts that are attached to this report as Appendix 1 are therefore provided to the Committee for information and comment and may be subject to amendment prior to submission to External Audit.
- 1.2. A summary of the financial outturn in respect of 2014/15 is provided within the Explanatory Foreword to the Statement of Accounts by the Chief Financial Officer. A copy of the proposed Foreword is provided as part of the Statement of Accounts attached as Appendix 1 to this report. It should be noted that a further

report detailing the variances between the budgeted and the outturn position will be taken to the July meeting of Executive. That report will include detailed explanations of any significant variations between the outturn position and the budget, and will outline any impact of the closure of the 2014/15 Accounts on the approved Medium Term Financial Plan.

- 1.3. It should be noted that within the published accounts themselves - which are the main focus of this report - that the variances between budget and outturn are masked by the fact that the published accounts include pensions (IAS19), capital charges (depreciation, impairment, gain or losses on disposal of assets) and other accounting adjustments which need to be reflected in the Council's accounts in line with the Code of Practice on Local Government Accounting and International Financial Reporting Standards (IFRS) requirements. While these adjustments are required to reflect good accounting practice and to provide comparable figures with other financial statements (including those of other local authorities) they do make the published accounts less useful as an internal management review and control tool within the authority. Members should also note that the figures provided within this report remain subject to External Audit.

Annual Governance Statement

- 1.4. The proposed Annual Governance Statement for 2014/15 is attached as part of the Appendix.

2 Conclusions and Reasons for Recommendation

- 2.1 The fact that it has proved possible to provide a completed version of the draft Statement of Accounts prior to the meeting of the Audit Committee on 22nd June demonstrates that the Accounts have been produced in a timely fashion given that the date for submission is 30th June 2014. Given that the timescale for the completion of the draft Statement of Accounts will move forward to the 31st May in respect of the 2017/18 financial year it is important that the Council works to ensure that its internal processes and procedures can deliver against a shorter timescale.
- 2.2 To ensure that the Council's draft Statement of Accounts are appropriately considered by the Council, including in particular the endorsement by the Audit Committee of the Annual Governance Statement.

3 Consultation and Equality Impact

- 3.1 The Statement of Accounts provides a summary of the Council's financial transactions and financial position during the 2014/15 accounting year. While this constitutes a key public document for the Council it is not intended to hold any consultation around the Statement of Accounts itself. The process of consultation is focussed upon the agreement to the Council's budget at the outset of the financial year, rather than upon the reporting of the outturn position.
- 3.2. There are no equality issues arising directly from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 The production of the Statement of Accounts is required by statute and the format of those Accounts is largely determined by good practice. Accordingly the Council has not given consideration to any other options in this instance.

5 Implications

5.1 Finance and Risk Implications

- The financial implications are set out within the body of the report and the attached Statement of Accounts. Further reports will be brought back to Members setting out the detailed variances in respect of the 2014/15 outturn, and that report will consider whether the evidence from the outturn position suggests that budgets in respect of 2014/15 and future years as set out within the Medium Term Financial Plan should be amended.
- Members should note that the budgets against which we have monitored the 2014/15 Outturn were those agreed within the Council's Medium Term Financial Plan. The Medium Term Financial Plan gave careful consideration to both the affordability of the budgets that were approved, and to ensuring that the level of balances remained adequate for purposes of enabling sound financial management. The fact that the outturn position for 2014/15 indicates that these financial targets have been achieved, gives the Council a firm foundation from which to achieve the service delivery and financial targets approved within the current Medium Term Financial Plan.
- There are no issues concerning Risk Management arising directly out of this report

5.2 Legal Implications including Data Protection

- The Statement of Accounts is required to be prepared by the 30th June each year. The Council has now completed the accounts and they will be signed off by the Chief Financial Officer by the 30th June 2015 which will secure compliance with the Council's legal obligations.
- There are no data protection issues arising directly from this report.

Human Resources Implications

- None arising directly from this report

6 Recommendations

- 6.1 That the Audit Committee note that the Executive Director - Operations in his capacity as Chief Financial Officer will sign off the draft 2014/15 accounts on behalf of the Council.
- 6.2 That the Audited Statement of Accounts 2014/15 be brought to this Committee at its meeting on 23 September 2015 for approval on behalf of the Council.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	None Directly.
Links to Corporate Plan priorities or Policy Framework	All Priorities.

8 Document Information

Appendix No	Title
1	Draft Statement of Accounts 2014/15
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Accounts Working papers.	
Report Author	Contact Number
Chief Accountant Assistant Director Finance, Revenues and Benefits. Executive Director – Operations	2458 / 2214 /2431

Report Reference –