

AUDIT COMMITTEE

28 June 2016

ANNUAL FINANCIAL REPORT 2015/16

REPORT OF CHIEF FINANCE OFFICER

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RECENT REFERENCES:

AUD143: Statement of Accounts 2015/16, 10 March 2016

EXECUTIVE SUMMARY:

At its last meeting the Committee received an update on the preparation for the Statement of Accounts for 2015/16 (Report AUD143 refers). The changes required have been incorporated as relevant in the Annual Financial Report for 2015/16.

Legislation requires that the pre-audit Statement of Accounts is signed by the Chief Finance Officer by 30 June, and that the audited Statement of Accounts is approved by Members by 30 September, annually.

The Statement of Accounts will be available for public inspection from 30 June 2016 to 10 August 2016; will be audited by Ernst & Young during August and September; and final accounts will be presented to this Committee for approval at its meeting in September.

The purpose of this report is to ensure that Members are aware of the key issues arising in the Accounts for 2015/16.

The Committee will receive a presentation on the Annual Financial Report prior to approving the Accounts in September.

RECOMMENDATIONS:

That the Audit Committee notes the requirements for the Annual Financial Report and the key issues arising in the accounts for 2015/16 and takes the opportunity to seek clarification of any detail, from the Chief Finance Officer.

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REPORT OF CHIEF FINANCE OFFICER

1. Introduction
- 1.1. At its last meeting the Committee received an update on the changes required to the Statement of Accounts for 2015/16 (Report AUD143, 10 March 2016 refers).
- 1.2. The Accounts and Audit (England) Regulations 2015 require that:
 - the responsible financial officer must, no later than 30 June immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year, and;
 - no later than 30th September in the year immediately following the end of the year to which the statement relates—the Council must:
 - (a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
 - (b) following that consideration, approve the statement of accounts by a resolution of that committee or meeting;
 - (c) following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given; and;
 - (d) publish (which must include publication on the body's website), the statement of accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 (general report) of the 1998 Act.
 - The responsible financial officer must re-certify the presentation of the statement of accounts before the relevant body approves it.
- 1.3. Hence, the Committee are not required to approve the Statement of Accounts until after the conclusion of the external audit.

2. Annual Financial Report

- 2.1. Although there is no formal definition in Regulations or the Code of what exactly constitutes the Statement of Accounts, reliance can be placed on the implications of section 9 of the Audit Commission Act 1998 that the auditor must give an opinion on the Statement of Accounts and the conventions as to the information that auditors are expected to be able to determine as true and fair. Under these conventions, the Annual Governance Statement (considered elsewhere on this agenda), the auditors report and the explanatory foreword would be outside the scope of the Statement of Accounts, which would then comprise the financial statements and the notes to the accounts.
- 2.2. The Statement of Accounts is thus part of a wider annual financial report, comprising:
- the Narrative Statement;
 - the Statement of Responsibilities for the Statement of Accounts
 - the Statement of the Accounts;
 - the Annual Governance Statement;
 - Building Control Account;
 - Charges for Property Searches, and;
 - the Auditor's Report to Members (as applicable).

3. Public Inspection

- 3.1. The 2015/16 Statement of Accounts will be made available for public inspection (as required by the Accounts and Audit Regulations) from 30 June 2016 to 10 August 2016. The web link will also be provided to DCLG for advertising on the Gov.uk website.
- 3.2. In line with the Accounts and Audit Regulations, and as advised by the Appointed Auditor, local government electors for the area may exercise their right to question or make objections to the Accounts for the year ended 31 March 2016 during the public inspection period outlined at 3.1 above.

4. Statement of Accounts

- 4.1. The Statement of Accounts has been prepared in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations.
- 4.2. The Council's Statement of Accounts (pre-audit) for the year ending 31 March 2016 will be signed by the Chief Finance Officer by 29th June (after the Audit Committee has received this report at its meeting in June).
- 4.3. As previously reported to the Committee in March, the required presentational and disclosure changes for the 2015/16 financial year relate mainly to valuation disclosures and the narrative statement (previously

explanatory foreword). The presentation of the Statement of Accounts has been fully updated to reflect these requirements.

OTHER CONSIDERATIONS:

5. SUSTAINABLE COMMUNITY STRATEGY and PORTFOLIO PLANS
(RELEVANCE TO):

- 5.1. Preparation of the Annual Financial Report is fundamental to the requirement for accountability for public finances. Achieving corporate priorities must go in hand with accounting for how the public's money has been spent.

6. RESOURCE IMPLICATIONS

- 6.1. As explained in the body of the report.

7. RISK MANAGEMENT ISSUES

- 7.1. The Annual Financial Report has to be produced within statutory timescales and in accordance with accounting guidance; both accuracy and timeliness are important. Reliance is placed on information provided from across the Council. This is managed by suitably qualified, experienced, and trained staff employing detailed procedures, with additional assurance provided by the external annual audit.

8. BACKGROUND DOCUMENTS

Audit Working Papers & financial records held in the Finance and other teams within the Council (less exempt items).