

WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 13 SEPTEMBER 2016

Title:

STATEMENT OF ACCOUNTS 2015/2016

[Wards Affected: N/A]

Summary and purpose:

The purpose of this report is for the Audit Committee to consider and approve the Statement of Accounts for the year ended 31 March 2016.

How this report relates to the Council's Corporate Priorities:

Waverley's published Accounts are a key document that helps to demonstrate the Council's accountability for public funds. The accounts support the Council's key objective of providing good value for money by showing how the Council's resources have been utilised.

Equality and Diversity Implications:

There are no implications arising from this report. The Statement of Accounts can be provided in larger print if required.

Resource and legal implications:

There are no direct resource implications resulting from the 2015/2016 Statement of Accounts. The Accounts set out Waverley's financial position at the year-end in a format which is prescribed by Regulations and the Local Government Accounting Code of Practice.

Introduction

1. The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual Statement of Accounts. These Regulations incorporate a statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 30 September 2016.
2. The Section 151 Officer (Director of Finance and Resources) retains responsibility for the preparation of the Statement of Accounts and is required to certify their fair presentation by the 30 June 2016. The Members' role in approval is to demonstrate their ownership of the Statement of Accounts and their confidence in both the responsible financial officer and the process by which the accounting records are maintained and the Statement of Accounts prepared. In February 2007, the Council formally delegated the authority for approving Waverley's annual accounts to the Audit Committee. In June 2016

Members of the Audit Committee received the unaudited 2015/2016 Accounts and met with officers to receive detailed training and/or to respond to any questions.

Statement of Accounts 2015/2016

3. The Statement of Accounts for 2015/2016 is included with the Agenda as a separate document at Annexe 1. This includes changes incorporated following the audit as detailed in Annexe 2. The Foreword to the Accounts highlights the key issues and shows the headline figures.
4. The audit of the Council's accounts for 2015/2016 by Grant Thornton is complete and the Audit Findings Report is included on this agenda. The Audit Findings Report did not identify any adjustments affecting the Council's reported financial position and the report gives the following key messages:
 - The Council's draft financial statements were of a very high standard as reflected by the minimal level of issues arising from the audit work.
 - The financial statements were supported by an excellent set of working papers. This coupled with the early testing work during the interim audit has helped to move towards an earlier closing by 2017/18.
5. The format and content of the accounts is largely prescribed by regulation and the code of practice. It is a requirement that the accounts are arranged with all core financial statements grouped together followed by all notes to these statements in a separate section. The supplementary statements, Housing Revenue Account and Collection Fund, are grouped separately with their corresponding notes section.
6. The full unaudited Statement of Accounts and a Summary Statement is available on the Council's website. This will be replaced with the final version following this Audit Committee meeting.
7. It is a requirement that the Council issues a Letter of Representation to its external auditors at the conclusion of the Accounts and audit and this is referred to in Grant Thornton's Audit Findings Report also on this agenda. The draft Letter of Representation is attached at Annexe 3.

Going Concern Report

8. International Audit Standards require the Audit Committee to provide confirmation that the 2015/2016 Accounts have been prepared on a 'going concern' basis. The going concern concept is one of the core principles underpinning local authority accounting practice and refers to the assumption made when the Accounts are prepared that the organisation will continue to operate for at least 12 months following the accounting period in question, taking into consideration best estimates of future activity and cash flows.

9. The main issues around the application of the 'going concern' concept are to consider the medium term financial plans and cash flow forecasts in existence at the time of the accounting year-end. Waverley's Medium-Term Financial Strategy (2016/2017 to 2019/2020) was reviewed by Members in February 2016 when setting the Budget. The latest Strategy projections will be presented to Members at the annual finance seminar on the 30 November 2016. The latest strategy statement shows a strong position going forward with general Fund and HRA balances at a level which exceeds the minimum amount projected for at least the next four years. Also, the projections show that reserves and revenue contributions should be sufficient to deliver the Council's capital programme requirements in the medium term. Material cash flow movements are monitored and outflows are expected to be covered by revenues and treasury management activity in the year ahead.
10. Waverley's Medium Term Financial Strategy forecasts the Council's financial performance during the four years and demonstrates that the Council has sound plans to continue operating and there is no uncertainty concerning the continuing operations of the Council.

Recommendation

It is recommended that the Audit Committee

1. approves the Statement of Accounts for the financial year ended 31 March 2016; and
2. approves the Letter of Representation for 2015/2016; and
3. confirms that the accounts have been prepared on a going concern basis.
4. discusses moving the Audit Committee date in June 2017 to a date in late June or early July in order to meet with the new requirements to agree the Statement of Accounts for each financial year ending 31 March by the end of July.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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