**Title:** Approval of the Statement of Accounts 2014/15

<table>
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<th>Report of the Chief Finance Officer</th>
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<td><strong>Open Report</strong></td>
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<td><strong>Wards Affected:</strong> None</td>
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<td><strong>Report Author:</strong> Steve Pearson</td>
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<td>Group Accountant – Corporate Finance</td>
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<td><strong>Accountable Director:</strong> Jonathan Bunt, Chief Finance Officer</td>
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**Summary:**

The Council’s draft accounts as presented to the last meeting of PAASC were approved by the Chief Finance Officer in June 2015 and have been subjected to detailed audit by our external auditors, KPMG. Whilst the audit has yet to be completed, as at the date of preparing this report (26 August 2015), KPMG are proposing to issue an unqualified audit opinion for the Statement of Accounts, including the Pension Fund.

In accordance with the Accounts and Audit Regulations 2011, the accounts are now being presented to this Committee for their consideration and review prior to publication by 30 September 2015.

**Recommendation(s):**

The Public Accounts and Audit Select Committee is recommended to:

(i) Review and approve the Statement of Accounts for the year ended 31 March 2015;

(ii) In order to comply with the Council’s statutory obligations, confirm that the Statement of Accounts for the year ended 31 March 2015 can be published by 30 September 2015 and authorise the Chief Finance Officer in liaison with the Lead Member to make any changes to the accounts that may be agreed with KPMG.

**Reason(s):**

It is a statutory obligation for the Council’s Statement of Accounts to be produced and audited in accordance with the timetable as set out in the Audit and Accounts Regulations 2011.
1. **Background**

1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit Regulations 2011. These require the Statement of Accounts to be certified by the Council’s Section 151 Local Government Act 1972 officer (the Chief Finance Officer) as presenting a true and fair view of the financial position of the Council by the 30 June of each year. The accounts must then be submitted for external audit in order to publish audited accounts by no later than the 30 September of the same year.

2. **Audit of Accounts**

2.1 Following certification by the Chief Finance Officer in June 2015 the accounts have been subject to detailed and rigorous review by the Council’s external auditors, KPMG. Bearing in mind the date of this meeting in this cycle has been brought forward, at this time the audit report is still being finalised, but KPMG are planning to issue an unqualified opinion. A verbal update will be given at this meeting and KPMG will also present their Annual Governance Report on the Accounts and Pension Fund.(see agenda item 6)

2.2 In compliance with the Accounts and Audit regulations, the Accounts were made available for public inspection for 20 days during the audit. This period concluded on 20 August, from when, until the conclusion of the audit, electors or their representatives were able to question or raise objections with the external auditor. Whilst queries relating to the accounts have been received by the Council, no questions or objections have been received by KPMG.

2.3 During the audit of the main statements, one material error was identified relating to the value of HRA assets. Whilst past practice has been to add the year’s capital expenditure on existing housing stock at cost (consistent with General Fund assets), we are now required to notionally write down the value of this spend by 75%, which is in line with the valuation basis for social housing. The effect of this adjustment is to reduce the value of the housing stock by £32.7m. It should be stressed that this is a notional adjustment and does not affect the outturn position reported to Cabinet in June 2015. The amended accounts are included as Appendix 1.

2.4 There are a small number of further adjustments to be made to the notes to the accounts. They relate mainly to presentational issues and will ensure that the Council complies with technical accounting regulations, specifically CIPFA’s Code of Practice on Local Authority Accounting. At the time of writing this report, not all adjustments have yet been agreed with the auditors and therefore the Committee is recommended to delegate responsibility for finalising the accounts to the Chief Finance Officer in liaison with the Lead member in order to meet 30 September statutory deadline.
2.5 KPMG will provide the committee with their findings in a separate report setting out the key issues identified during the course of the audit. Management’s responses to any recommendations that the report may have will be given at the meeting.

3. Pension Fund

3.1 No adjustments have been made to the Pension Fund accounts.

4. Annual Governance Statement

The Council’s duty in respect of the Annual Governance Statement (AGS) is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control. This has been done and the statement, which has been signed by the Leader of the Council and Chief Executive, is included as a separate section within the statement of accounts (page 9). The auditors have reviewed the statement and confirmed that it complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE.

5. Management Representation Letter

It is a requirement of external audit that the Section 151 Officer signs a letter of representation confirming that he has the responsibility for the proper administration of the financial affairs of the authority and that the duties that this entails have been undertaken. The draft letter will be signed nearer to the date of approval of the accounts.

6. Publication of the Statement of Accounts

If the recommendation to approve the Accounts is agreed by this committee, KPMG will be able to provide their formal opinion on the accounts and formally conclude the audit. The accounts will then be placed on the Council’s website and notice of the conclusion of the audit will be given in the local press.

7. Financial implications

These have been addressed in the body of the report.

8. Legal Implications

The Audit Commission Act 1998 requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit (England) Regulations 2011. Regulation 8 sets out a timetable and requires certification by the Council’s responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution. This report is prepared in compliance with that obligation.
9. Appendices

1- Audited Statement of Accounts 2014/15