

Report To: Corporate Governance Committee

Date of Meeting: 28 September 2016

Lead Member / Officer: Councillor Julian Thompson-Hill / Richard Weigh, Head of Finance

Report Author: Steve Gadd, Chief Accountant

Title: **Approval of the Statement of Accounts 2015/16**

1. What is the report about?

The council has a statutory duty to produce a statement of accounts that complies with approved accounting standards. The audited accounts have to be formally approved by elected members on behalf of the council.

2. What is the reason for making this report?

The financial statements for 2015/16 were approved, subject to audit, by the Head of Finance on 21 June 2016. The draft accounts were presented to Corporate Governance Committee on 13 July 2016 and were open to public inspection from 11 July to 5 August.

The Accounts and Audit Regulations require that the Council formally approves the audited accounts, containing the external auditor's opinion, by the end of September. The approval of the audited accounts has been delegated to the Corporate Governance Committee.

The Statement of Accounts is produced in compliance with the International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance & Accountancy (CIPFA) produces the IFRS based Code of Practice on Local Authority Accounting and the council has produced the 2015/16 accounts in compliance with the Code.

The accounts include an unqualified audit opinion and audit certificate. However it should be noted that Wales Audit Office will update the Committee on a small number of areas of work which are outstanding at the time of writing this report.

3. What are the Recommendations?

That elected members approve the Statement of Accounts 2015/16 which is **Appendix 1** to this report.

At the meeting, the Chair and Chief Finance Officer will be required to sign the Accounts and the Letter of Representation.

4. Report details

The accounts presented have been produced in compliance with the required accounting standards.

International Financial Reporting Standards are a suite of accounting standards used across the world. IFRS has been developed for the private sector but in theory the vast majority of transactions are the same in accounting terms regardless of the sector. As there are some areas where public sector accounting treatment diverges from IFRS (because for example of legislative requirements), an additional set of standards has been introduced to deal with these provisions called the International Public Sector Accounting Standards.

The accounts were made available for audit as required and have been open to public inspection. The accounts have been audited by the Wales Audit Office who will present an overview of their findings and assessment of the process in a report to the committee. The Audit of Financial Statements Report forms Appendix 2 to this report.

The audit process resulted in some technical adjustments and other corrections and amendments. More details of these will be presented in the auditor's report.

5. How does the decision contribute to the Corporate Priorities?

The publication of the Statement of Accounts underpins the financial stewardship and governance of the council and therefore supports all council services and priorities.

6. What will it cost and how will it affect other services?

There are no additional cost implications as a result of this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report

Not applicable.

8. What consultations have been carried out with Scrutiny and others?

Wales Audit Office has worked closely with the Finance team to ensure the timely and successful finalisation of the audit. Professional opinions are drawn from numerous other disciplines beyond finance, such as legal, property valuation, HR and pensions.

9. Chief Finance Officer Statement

The Statement of Accounts has again received an unqualified audit opinion. This is a significant achievement given the scale and complexity of the accounts. Internal procedures will continue to be reviewed annually to ensure that the council continues to deliver high quality financial statements. This will take into account the issues arising from the audit that have been raised in the audit report.

10. What risks are there and is there anything we can do to reduce them?

The council would be in breach of its statutory duty if it could not approve the accounts by 30 September.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. The

Appointed Auditor is required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the council and must be satisfied that the accounts have been completed in compliance with the Accounts and Audit (Wales) Regulations 2005. The Accounts & Audit Regulations require that the audited accounts are approved by 30 September.