

North Tyneside Council Report to Audit Committee Date: 30 March 2016

ITEM 8

Title: Annual Statement of
Accounts 2015/16

Report from Service: Finance

Report Author: Janice Gillespie, Head of Finance (Tel: 643 5701)

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 The purpose of this report is to update the Audit Committee on progress associated with the preparation of the 2015/16 Annual Statement of Accounts (Accounts) and work undertaken to date in respect of the new statutory dates for closing the accounts from 2017/18 onwards.

1.2 Recommendation(s):

1.2.1 It is recommended that the:

(a) Audit Committee note the progress made in working towards the preparation of the 2015/16 Accounts and work being undertaken in respect of future years' closedown.

1.3 Forward plan:

1.3.1 This report is included within the annual workplan for the Audit Committee.

1.4 Council plan and policy framework:

1.4.1 The Annual Statement of Accounts covers all the service responsibilities as identified within the Council Plan.

1.5 Information:

The changes in legislation governing the preparation of the Annual Statement of Accounts

1.5.1 As detailed in the report presented to the Audit Committee 25 November 2015 changes have been made to The 'Accounts and Audit Regulations 2015' in respect of the approval process required for the Annual Statement of Accounts. Currently the Chief Finance Officer is required, no later than 30 June, to sign and certify that the Statement of Accounts present a true and fair view of the Authority's financial position for the year to 31 March. The audited set of accounts should, no later than the 30 September, be approved and subsequently published. These dates will change to 31 May and 31 July

respectively as a result of the new legislation. These changes are effective from 2017/18.

Process for the 2015/16 preparation of the Annual Statement of Accounts

- 1.5.2 This report is to update the Audit Committee with the progress made to date in the preparation of the 2015/16 Accounts. **Appendix A** sets out the key dates of this process and the progress made.
- 1.5.3 The Final Accounts timetable is closely monitored and any lapse in deadlines have been discussed with the Chief Finance Officer – to date the lapses have been minimal and have been rectified with no impact on the rest of the process.
- 1.5.4 Regular meetings have started with key finance staff – any concerns or issues are discussed and where appropriate have been reported back to the Chief Finance Officer.
- 1.5.5 The Accounts are prepared in accordance with the ‘Code of Practice on Local Authority Accounting in the United Kingdom’ (the Code). There have been changes to the Code that will impact on the 2015/16 Accounts and work is ongoing to ensure that these are reflected within the Accounts. The main changes are:
 - A new ‘Narrative Report’ in the Annual Statement of Accounts -which replaces the current Explanatory Foreword; and
 - Implementation of International Financial Reporting Standard 13 Fair Value – the measurement of valuation for assets and liabilities may change particularly in respect of surplus assets and investment properties.
- 1.5.6 To date no issues have been raised by the external auditor in respect of this year’s closedown – however regular meetings are being held to allow any issues to be raised promptly.
- 1.5.7 At this stage in the process it is not anticipated that there will be any problems in meeting the current statutory deadline of the 30 June for the publication of the draft Accounts.

Preparation for future years

- 1.5.8 A plan has been devised to assist in the implementation of the new deadlines. **Appendix B** sets out the key dates and progress to date within the plan and details of when updates will be provided to the Audit Committee.
- 1.5.9 A report has been presented to the Council’s Senior Leadership Team to advise them of the changes in the legislation in the preparation of the Accounts, to make them aware of the additional work that will be required within service areas, and to ensure Chief Officers fully understand the importance of ensuring the Authority meets the revised regulations.
- 1.5.10 We continue to work with our neighbouring authorities to share experience and best practice. We are also working with our external auditors on ways we can make the audit of the Annual Statement of Accounts smoother which will assist in the meeting of the revised statutory deadlines.
- 1.5.11 It is acknowledged that ensuring that the Authority is able to meet the new regulations will require significant change affecting the whole Council and it’s partners. Although the process is led by Finance, Chief Officers and their staff and elected members need to be

involved. Changes will be required to the dates of Council Committee meetings going forward to ensure the governance process of approving the Accounts are in line with the new deadlines.

1.5.12 As outlined in 1.5.5 above the Code governs how the Accounts are prepared. In addition to the changes that come into effect for the 2015/16 Accounts, we also need to manage the following changes within the 2016/17 accounts (this list is not exhaustive of all of the proposed changes but are the main ones):

- The Code of Practice on Transport Infrastructure Assets;
- Proposed changes to the Comprehensive Income & Expenditure Statement – to be more in line with the management accounts of the Authority; and,
- Proposed changes to the Movement in Reserves Statement.

1.6 Decision options:

The options available are:

- (a) To accept the recommendations made in section 1.2.1; or
- (b) To reject the recommendations made within this report.

1.7 Reasons for recommended option:

The production of an Audited Annual Statement of Accounts is a requirement of the Accounts and Audit Regulations 2015.

1.8 Appendices:

Appendix A – Key dates for 2015/16 closedown of accounts

Appendix B – Key dates on bringing forward closedown of accounts

1.9 Contact officers:

Janice Gillespie – Head of Finance - Tel: 643 5701

Cathy Davison – Principal Accountant – Tel 643 5727

Mary Gascoigne – Principal Accountant – Tel 643 5731

1.10 Background information:

The following background papers and reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a) Accounts and Audit Regulations 2015
- (b) Code of Practice on Local Authority Accounting in the UK 2015/16 and 2016/17

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications as a result of the recommendations within this report.

2.2 Legal

The Annual Statement of Accounts is produced annually in accordance with the Accounts and Audit Regulations 2015.

2.3 Consultation / community engagement

Consultation will take place with the key personnel and interested parties involved in the closedown process.

2.4 Human rights

There are no Human Rights implications as a result of the recommendations in this report.

2.5 Equalities and diversity

There are no Equalities and Diversity implications as a result of the recommendations in this report.

2.6 Risk management

A risk log has been set up which identifies the key risks and issues associated with the closedown process. The management of these risks are part of the overall process.

2.7 Crime and disorder

There are no crime and disorder implications as a result of the recommendations in this report.

2.8 Environment and sustainability

There are no environment and sustainability implications as a result of the recommendations in this report.