

# Audit, Governance and Standards Committee

20 July 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

## Statement of Accounts 2014-15

<b>Final Decision-Maker</b>	Audit, Governance and Standards Committee
<b>Lead Director or Head of Service</b>	Paul Riley, Head of Finance and Resources
<b>Lead Officer and Report Author</b>	Ellie Dunnet, Chief Accountant
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	N/A

**This report makes the following recommendations to the final decision-maker:**

1. To note the draft 2014-15 Statement of Accounts attached at **Appendix I**.

**This report relates to the following corporate priorities:**

- Great People
- Great Place
- Great Opportunity

### Timetable

<b><i>Meeting</i></b>	<b><i>Date</i></b>
Audit, Governance and Standards Committee	20 July 2015 (draft)
Audit, Governance and Standards Committee	21 September 2015 (final – audited)

# Statement of Accounts 2014-15

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The draft statement of accounts has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014-15. The purpose of this report is to provide the committee with an early opportunity to review the draft accounts submitted for audit prior to formally approving them in September.
  - 1.2 The audit has now commenced and representatives from Grant Thornton will be in attendance at the meeting to answer any questions relating to the audit and provide a verbal update on progress.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 The draft Statement of Accounts attached at **Appendix I** was submitted to the council's external auditors on 30 June in line with the amended Accounts & Audit Regulations 2011.
  - 2.2 Under these regulations the Audit, Governance and Standards Committee are required to formally approve the final audited Statement of Accounts by 30 September for the previous accounting period in their capacity as the committee charged with governance.
  - 2.3 It is considered appropriate to bring the draft Statement of Accounts to the committee at this stage to provide an early opportunity for committee members to review the Statement and to ask any relevant questions of officers in advance of the statutory deadline in September.
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## 3. AVAILABLE OPTIONS

- 3.1 The annual production of the Statement of Accounts is a statutory requirement and there are therefore no alternative options.
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## 4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 It is recommended that the committee notes the draft unaudited Statement of Accounts attached at **Appendix I** to this report.

### **Statement of Accounts 2014-15**

- 4.2 As noted above, the council's financial statements must comply with CIPFA's Code of Practice on Local Authority Accounting, which is based on International Financial Reporting Standards (IFRS).

- 4.3 There have not been any significant changes to these accounting requirements for 2014-15. However, following a recommendation from the council's external auditors as part of the 2013-14 audit, the council has created a number of earmarked reserves to demonstrate where resources have been set aside for specific purposes in line with previous decisions made by the Cabinet and Council. In previous years these amounts have formed part of the general fund balance.
- 4.4 The 2014-15 Statement of Accounts demonstrates that the Council has continued to effectively manage its resources despite significant reductions in central government funding over the past few years, and that it is in a good position to deal with the continuing economic uncertainty and associated challenges that lie ahead. This is evidenced by the fact that the balance on the general fund and earmarked reserves has remained constant over the past year, decreasing by £0.1m to £15.3m at the end of 2014-15.
- 4.5 Headline messages from the Statement of Accounts can be summarised as follows:
- The annual revaluation of the council's property portfolio has seen an overall increase in the value of investment properties, and a reduction in the value of property, plant and equipment which primarily relates to pay and display car parks.
  - The increase in value of investment properties also relates to the acquisition of industrial units at Phoenix Park during 2014-15
  - Long term investments have increased by £5m due to surplus cash being invested for a period greater than 1 year in line with the council's Treasury Management Strategy.
  - Movements in the short term debtor and creditor balances relate to balances due to and from precepting authorities in relation to Council Tax and NNDR.
  - Long term liabilities have increased by £14.5m, which predominantly results from the increase in the pensions liability following the annual assessment of the fund by actuaries acting on behalf of Kent County Council. There is a corresponding reduction in the value of unusable reserves. While this has a substantial impact on the net worth of the council as recorded in the balance sheet, statutory arrangements in place to fund the deficit mean that the financial position of the council remains healthy. The deficit is currently being addressed through increased contributions to the fund over the working life of employees, as assessed by the scheme actuary.
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## 5. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	Production of the annual Statement of Accounts which is free from material or significant error is a key element of the annual external assessment process. It is therefore important that the statement of accounts meets this requirement.	Director of Regeneration & Communities
<b>Risk Management</b>	The primary risks are that the Council fails to produce its accounts in accordance with the requirements of the Code of Practice or statutory timetable. A risk assessment has been undertaken in order to mitigate this risk.	Director of Regeneration & Communities
<b>Financial</b>	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2015, and details the council's assets, liabilities and reserves at this date.	Section 151 Officer & Finance Team
<b>Staffing</b>	Not applicable.	
<b>Legal</b>	Not applicable.	
<b>Equality Impact Needs Assessment</b>	Not applicable.	
<b>Environmental/Sustainable Development</b>	Not applicable.	
<b>Community Safety</b>	Not applicable.	
<b>Human Rights Act</b>	Not applicable.	
<b>Procurement</b>	Not applicable.	
<b>Asset Management</b>	Not applicable.	

## 6. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- **Appendix I:** Draft un-audited Statement of Accounts 2014-15

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## 7. BACKGROUND PAPERS

None