



# Statement of Accounts 2014/15 (Draft subject to Audit)

---

Audit Committee

15<sup>th</sup> July 2015



# Statement of Accounts

- » **Purpose and Background**
- » **Key Dates**
- » **Responsibility**
- » **Contents and Overview**
- » **Links to budget monitoring**
- » **Headlines**
- » **Principal Statements**
- » **Changes to 2014/15**
- » **Action Plan - Progress**
- » **Next Steps**
- » **Questions**

# Purpose and Background of SofA

- » **To provide clear information to all interested parties about the Council's finances.**
- » **Information includes:**
  - » Costs of providing services in the year of account
  - » How those costs have been funded
  - » Assets and Liabilities at year end
- » **Prescribed format and style to enable comparisons with other Local Authorities and other organisations.**
  - » Aimed at 'the Reader'

# Key Dates

- » **30<sup>th</sup> June** Produce draft statement
- » **1<sup>st</sup> July** External Audit commenced
- » **15<sup>th</sup> July** Initial Audit Committee consideration (approval at this stage not required)
- » **3<sup>rd</sup> – 31<sup>st</sup> August** Accounts available for public inspection
- » **Aug / Sept** Further Member consideration
- » **24<sup>th</sup> Sept AM** Audit Committee
  - Final Statement of Accounts
  - WAO ISA 260 report
- » **24<sup>th</sup> Sept PM** Council for approval
- » **30<sup>th</sup> Sept** Publish approved Statement

# Responsibility

- » **Statement does not belong to Finance**
- » **Corporate document – “owned” by every Member and Officer of the Council**
  
- » **Statement of Responsibilities**
  - » Authority
  - » Chief Finance Officer
- » **Statement of Accounts is signed by:**
  - » Chair of the Council
  - » Chief Finance Officer



# Contents and Overview

- » **Explanatory Foreword (Pages 23 – 27)**
- » **Statement of Responsibilities (Page 28)**
- » **Core Statements (Pages 29 – 34)**
- » **Notes to the Core Statements (Pages 35 – 98)**
- » **HRA Statements and Notes (Pages 99 – 103)**
- » **Clwyd Pension Fund Accounts (Pages 104 – 130)**
- » **Annual Governance Statement (Pages 132 – 152)**

# Links to Budget Monitoring

## » **Statement of Accounts**

- » Financial Accounting
- » Externally focused reporting
- » Style reflective of the Code of Practice, Regulations, and Accounting Standards.

## » **Budget Monitoring**

- » Management Accounting
- » Internally focused reporting on performance against budget
- » Style reflects the Council's reporting needs – locally determined

# Headlines – Council Fund

- » **Net expenditure of £254.079m**
- » **Budget £255.176m**
- » **Spend less than budget by £1.097m**
- » **Increased by £0.707m mainly due Council Tax income being higher than budgeted**
- » **Variance 0.71% of budgeted expenditure**



# Headlines – Reserves at Year End

	£m 2014/15	£m 2013/14
Council Fund (Unearmarked) Balance	10.515	11.161
Earmarked Reserves	29.143	37.693
Schools	2.616	3.261
<b>Total</b>	<b>42.274</b>	<b>52.115</b>

# Headlines - Capital

	£m Budget	£m Outturn	£m Over / (Under) Spend	% Budget v Outturn
Council Fund	30.953	28.378	(2.575)	91.68%
HRA	12.506	11.994	(0.512)	95.90%
Total	43.459	40.372	(3.087)	92.90%

# Headlines - HRA

» Annual budget	£29.886m
» Spend below budget	£0.345m
» % of budgeted expenditure	1.15%
» Closing balance as at 31.3.2015	£1.510m
» % of revised budgeted expenditure	5.05%

# Principal Statements

- » **CI&ES - Shows the cost in year of providing services and how those costs have been funded.**
- » **MIRS - Analysed into 'usable' and other 'unusable' reserves.**
  - » 'usable' can be applied to provide services or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on use. Includes capital and revenue reserves.
  - » 'unusable' reserves hold; unrealised gains and losses, or timing differences.

# Principal Statements 2

- » **Balance Sheet - Shows the value as at 31<sup>st</sup> March of the assets and liabilities held by the Authority**
- » **Net assets matched by total reserves**

	£m	£m
Assets	832	
Liabilities	<u>(560)</u>	
<b>Net Assets</b>	<b><u>272</u></b>	
Usable Reserves		54
Unusable Reserves		<u>218</u>
<b>Total Reserves</b>		<b><u>272</u></b>

# Changes to 2014/15 SofA

- » **Code of Practice clarification – Accounting for schools.**  
Foundation school - Assets on FCC Balance Sheet.
- » **Housing company – NEW Homes set up in 2014/15.**  
Wholly owned by FCC – Subsidiary.
  
- » **Changes to following accounting policies (Pages 35 – 51)**
  - Schools – New
  - Subsidiaries - New
  - Joint Committees - Revised
  
- » **National agenda to ‘De-clutter’ Local Authority accounts**
  - » Schools – opening balances adjusted and explained in note 39 (page 85) – 3<sup>rd</sup> balance sheet not included.
  - » NEW Homes – Explained in note 30 (page 79), accounts for the group not produced.

# SofA Action Plan – Progress...

## » Updated response to main ISA 260 issues raised in 2013/14

Issue	Update
Level of detail included in asset register.	2014/15 data included in a way that identifies individual assets. Prior year data for assets classified as 'Community Assets' and 'Vehicles, Plant, Furniture and Equipment' restated. Prior year data for assets classed as 'Council Dwellings' and 'Infrastructure' to be restated during 2015/16.
Transactions accounted for in the wrong financial year	Finance worked with budget holders in year to strengthen their understanding of year end procedures. Year end procedures more widely circulated this year using the infonet to raise awareness and publicise deadlines. Transactions also subject to review by relevant Accountant.

# SofA Action Plan – Progress (2)...

Issue	Update
Determine the appropriate accounting treatment of deposits.	Full review of each individual 'deposit' and associated legal agreement underway. Initial overall review indicated that the term deposit was inaccurate and contribution would be more accurate. 2014/15 accounting treatment - contributions on balance sheet. Review taking longer than anticipated due to volume of individual agreements and the time that has elapsed since some were received. Review to be concluded in 2015/16.
Reserves protocol.	Reserves protocol drafted, which has been considered by Chief Officers. Finance in the process of redrafting following comments prior to final approval.



# Next Steps

- » **WAO's audit of the Statement continues**
- » **Approval of final statement & recommendation to Council on 24<sup>th</sup> September**
- » **Publish by 30<sup>th</sup> September**
- » **In the meantime....**
  - » Further information?
  - » Queries / Questions?
  - » Member sessions with Finance Officers  
9<sup>th</sup> Sept 2015 – 4.30pm - 6pm, Location TBC