

STATEMENT OF ACCOUNTS 2015/16 - DUTIES AND RESPONSIBILITIES

1 INTRODUCTION

- 1.1 The Statement of Accounts for 2015/16 has been prepared in line with CIPFA's 'Code of Practice on Local Authority Accounting' for 2015/16, under International Financial Reporting Standards (IFRS) and in accordance with the Accounts and Audit (England) Regulations 2015.
- 1.2 The Accounts and Audit (England) Regulations 2015 now provide for additional requirements in relation to the certification and procedures regarding the Statement of Accounts 2015/16. The Regulations also require the Statement of Accounts 2015/16 to be available for public inspection online for a 30 working day period commencing Friday 1st July through to Thursday 11th August.
- 1.3 Additional requirements also need to be observed in respect of publication, inspection and approval. From 2017/18, the timetable of events will be accelerated to accommodate the earlier closure of the Accounts, as reported to previous meetings of the Committee. A summary of the 2015/16 requirements and the changes for future years is attached as Appendix 1.
- 1.4 CIPFA recommended practice is to issue the Statements to 'those charged with governance' in advance of the September approval meeting in order to allow sufficient time for due consideration of the information. This also affords an opportunity to remind the Committee of their duties and responsibilities in respect of the Statement.

2 STATEMENT OF ACCOUNTS 2015/16

- 2.1 The Statement of Accounts is an annual publication of the financial position of the Council, containing a record of the assets and liabilities of the Council and the cost of the services the Council provides.
- 2.2 It consists of:
 - An introduction and summary of significant financial issues during the year (Narrative Statement)
 - Statement of Responsibilities
 - 4 key financial statements – Movement in Reserves, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow.
 - Notes to the core financial statements – including accounting policies
 - Collection Fund and accompanying notes (Council Tax and Business Rates)
 - Auditors' Results Report

- 2.3 Members are invited to discuss the draft Statement of Accounts and their approach to considering the final version for approval in September.
- 2.4 The Narrative Statement and the Auditors' Report will be available alongside the audited statement of accounts for 2015/16 at the September meeting of the Committee

3 ROLES AND RESPONSIBILITIES

- 3.1 The Committee's role is to provide effective scrutiny of the Council's financial statements. This forms part of a system of financial responsibility as illustrated in Appendix 2 to this report.

4 FACTORS TO CONSIDER

- 4.1 Members should have regard to the following when considering the accounts:

Materiality – do the accounts contain all material transactions? What level of materiality has been considered? What do Members consider significant, in disclosing information to the reader of the accounts?

Transparency – are transactions transparent? For example, are income and expenditure figures shown separately and not netted off, potentially distorting understanding of the financial transactions? Is the true nature of a transaction disclosed?

Valuation – how can Members satisfy themselves that the assets and liabilities within the accounts are accurate? What methodology has been used, what accounting policies are applicable? What reliance has been placed on experts and how reasonable is that reliance?

Consistency – is reporting consistent throughout the accounts? Is it consistent with the explanatory foreword? Is it consistent with Member's knowledge of the organisation?

Completeness – how can Members be assured that the statements are complete?

Legality/Litigation – are all transactions legal and have all potential litigation that the Council is party to, been disclosed?

Classification – have assets been classified correctly?

Economic climate/Going concern principle – is the current economic climate reflected in the statements and does the Council remain a going concern – i.e. are Members aware of such significant curtailment in the Council's activities or such significant worsening of the financial position that the Council may not be able to continue to carry out its function?

Risk of error – How can Members satisfy themselves that the Statements are free from misrepresentation or misreporting?

Fraud – are Members aware of incidences of fraud? What is the risk of fraud within the Statements?

Rights and Obligations – have all rights and obligations been disclosed correctly? Are disclosures accurate? Have all transactions actually occurred? For example, does the Council legally own the assets disclosed?

- 4.2 Once these factors have been considered, Members should be satisfied that the accounts represent a true and fair view of the Council's financial position.

5 OTHER SOURCES OF INFORMATION AND ASSURANCE

- 5.1 Members should consider what sources of information they can use to help them to approve the accounts and from whom they might seek assurance. A variety of sources should supply a clear and consistent message about the financial performance of the organisation. These sources might include:

- Internal audit
- The work of Licensing and General Purposes Committee in considering fraud, risk and internal audit reporting
- Statements of senior officers – Chief Executive, Directors, Chief Financial Officer, Monitoring Officer
- External audit opinion
- Other inspections – HMRC – VAT, PAYE
- Financial and Performance reports
- Members own knowledge of the affairs of the Council
- The context i.e. economic climate, interest rates, property prices, inflation
- Expert knowledge e.g. actuarial reports

6 CONCLUSIONS

- 6.1 In conclusion, Members of the Committee are not required to have a detailed knowledge of every transaction within the accounts, or any detailed, technical accounting knowledge. Members should however, consider the consistency of the information being presented and ask questions to gain assurance.
- 6.2 In particular, regular attendance at the Committee by the external auditor, affords Members the opportunity to question the processes, tools and techniques used as part of the audit, in order to gain assurance over the public reporting of the Council's finances.

AMANDA FAHEY
HEAD OF FINANCIAL SERVICES/CHIEF FINANCIAL OFFICER

Statement of Accounts 2015/16 - Certification, Approval and Publication

Rushmoor's Statement of Accounts 2015/16 - To be available at 30th June 2016

Certification by the Chief Financial Officer

The CFO must:

- (a) sign and date the Statement of Accounts
- (b) confirm that they are satisfied that the Statement presents a true and fair view of the financial position of the authority at the end of the financial year
- (c) the authority's income and expenditure for the financial year

The certification has to be signed off before the draft Statement of Accounts is made available for public inspection. The effective deadline for 2015/16 is the day before the first working day of July 2016 (i.e. 30th June 2016)

The requirement for the end of June certification effectively establishes an end-point for the drafting of the Statement of Accounts. By this date the Statement will be in such a state of completion and accuracy that the CFO is assured that it presents a true and fair view. Subsequent changes would be related to the correction of misstatements and omissions identified by the auditor or the updating of disclosures for subsequent events.

Public Inspection Period

For 2015/16 there is a formal requirement to publish the unaudited Statement as the focus for the public inspection period. As described above, the CFO will sign, date and certify the unaudited Statement of Accounts for 2015/16 and commence the period for the exercise of public rights. The inspection period must comprise a single period of 30 working days. For the 2015/16 Accounts, the period will start on Friday 1st July 2016 and end on Thursday 11th August 2016.

Website publication and additional information that accompanies the Accounts (including the exercise of public rights)

The CFO will publish the unaudited certified Statement of Accounts (which must at least include publication on the authority's website).

The unaudited 2015/16 Statement of Accounts must be accompanied by:

- (a) a CFO signed declaration that the Statement of Accounts are unaudited and may be subject to change
- (b) the Annual Governance Statement
- (c) the Narrative Statement

The CFO must also publish a statement under regulation that sets out:

- (a) the period for the exercise of public rights
- (b) details of how interested parties should give notice of an intention to inspect the accounting records and other documents
- (c) the name and address of the local auditor

- (d) the provisions regarding the rights of public inspection of documents
- (e) right to make objections at audit)

The period for the exercise of public rights then commences on the day after the requirements for the publication of the unaudited Statement of Accounts and the statement of public rights have been satisfied.

The CFO is required to notify the external auditor when the public inspection period has commenced.

Rights of inspection

Any persons interested may:

- (a) inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to them
- (b) make copies of all or any part of those records or documents

On completion of external audit (to be a date in September 2016 prior to the L & GP Committee meeting)

The CFO must re-confirm their view that the Statement of Accounts presents a true and fair view before it is given member approval. This is an absolute requirement, and the CFO cannot rely on the original certification, even if the Statement of Accounts has not changed since the unaudited version was published.

Approval by Members in September 2016

Members are required to approve the Statement of Accounts at the L & GP meeting in September 2016. Members have a duty to:

- (a) consider the Statement of Accounts
- (b) approve the Statement by a resolution
- (c) ensure that the Statement is signed and dated by person presiding at the meeting

Publication

The approved the Statement of Accounts for 2015/16 must then be re-published with

- (a) the Annual Governance Statement (also approved by members in advance of the Statement of Accounts)
- (b) the Narrative Statement

The Regulations state the above as separate documents. This is important for the Statement of Accounts, as this is the document that the CFO and the auditor are required to certify as true and fair and care needs to be taken that this view is not taken to apply to any other statement.

Once the Statement of Accounts is published, the Council must:

- (a) keep copies of the Statement of Accounts, Annual Governance Statement and Narrative Statement for purchase on payment of a reasonable sum
- (b) ensures that the three Statements remain available for public access for at least five years after the date of publication

The Council must additionally publish a statement as soon as reasonably practicable after the conclusion of the audit. The statement must include

- (a) confirmation that the audit has been concluded and that the Statement of Accounts has been published
- (b) information about electors' rights of to inspect and make copies of the Statement of Accounts, the auditor's certificate of completion, the auditor's opinion on the Statement of Accounts, any public interest report relating to the authority or an entity connected with it, and any recommendation relating to the authority or an entity connected with it
- (c) details of the address and the hours during which inspection rights may be exercised

Electors have a right to inspect the documents at all reasonable times and without payment and a right to be supplied with copies on payment of a reasonable sum.

Annual audit letter

When the annual audit letter is received from the auditor, the L & GP committee will meet to consider its contents as soon as reasonably practicable. The Council then must

- (a) publish the audit letter
- (b) make copies available for purchase on payment of such sum as the authority may reasonably require

Changes for future years

For 2016/17, a similar set of calendar dates apply as specified in the body of this Appendix. For 2017/18, the requirements are accelerated and the principle dates become:

- (a) The CFO must sign and date the Statement of Accounts 2017/18 and provide associated information by **31st May 2017**.
- (b) External audit has to be achieved within July 2017, &
- (c) The L & GP committee must approve the Statement of Accounts 2017/18 by **31st July 2017**

Licensing and General Purpose Committee's Roles and Responsibilities

Body	Role	Example
Council	Major policy and strategy decisions	<ul style="list-style-type: none"> - Approval of the annual budget and financial strategy
Cabinet	Monitors the financial position – takes decisions within the over-arching policies and strategies approved at Council	<ul style="list-style-type: none"> - Monitoring of spend against budgets
Licensing and General Purposes Committee	<p>'Those charged with governance' – scrutiny and challenge</p> <p>Consideration of risk and governance</p>	<ul style="list-style-type: none"> - Consider accounting policies and estimation bases - Hearing the external auditors report - Consider, approve and sign the statements - Sign the letter of representation - Internal audit reporting - Risk and fraud - Corporate Annual Governance Statement
Chief Financial Officer	Personal and Statutory responsibility	<ul style="list-style-type: none"> - True and fair view - Provision of training - Preparation of statements and accompanying working papers - Involving Members in decision-making - Robust internal audit function - Adequate financial systems
Experts	Technical disciplines	<ul style="list-style-type: none"> - Use of actuaries, valuers, consultants
External audit	<p>Provision of external scrutiny and challenge</p> <p>External assurance</p>	<ul style="list-style-type: none"> - Compliance with statutory requirements - Satisfied that proper practices have been observed in compiling the accounts - Express an opinion on the statements - Obtaining evidence on the amounts and disclosures - Policies are appropriate and consistently applied - Estimates are reasonable - Statements are consistent with the Narrative Statement