

PLYMOUTH CITY COUNCIL

Subject: Statement of Accounts 2014/15
Committee: Audit Committee
Date: 17 September 2015
Cabinet Member: Councillor Mark Lowry
CMT Member: Andrew Hardingham (Assistant Director for Finance)
Author: Chris Flower (Lead Accountant, Finance Department – Technical)
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Ref: FIN/CF
Key Decision: No
Part: I

Purpose of the report:

The Council's draft Statutory Statement of Accounts was prepared and approved ready for audit by the Assistant Director for Finance on 25 June 2015.

The Accounts have now been audited and are being presented to Audit Committee for approval. The Accounts and Audit Regulations require the accounts to be formally approved and published by 30 September 2015.

Issues raised by the auditor are outlined in the report, including a summary of the changes made since the draft accounts were produced. The revised Statement of Accounts for 2014/15 is attached at Appendix A. This might be subject to minor changes to wording and the changes will be highlighted at the committee meeting.

The Brilliant Co-operative Council Corporate Plan 2014/15 - 2016/17:

The Council's expenditure forms the basis on which the Corporate Plan can be delivered.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

The 2014/15 final accounts will have implications on the Medium Term Financial Plan. The level of Working Balance and reserves will affect the level of funding available in future years and variations in service expenditure will also need to be reviewed to assess the effects on future years.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

N/A

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

I Recommendations and Reasons for recommended action:

1. Audit Committee note the amendments made to the Statement of Accounts for 2014/15 as agreed with the Auditor, and outlined in this report.
 2. The Statement of Accounts for 2014/15 attached at Appendix A be approved.
 3. The letter of representation attached at Appendix B is authorised and submitted to the Auditor.
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Alternative options considered and rejected:

None – It is a statutory requirement to produce and approve the Statement of Accounts.

Published work / information:

[Statement of Accounts 2014/15 Report to June 2015 Audit Committee](#)
[Draft \(Pre Audit\) Statement of Accounts 2014/15](#)
[Annual Governance Statement 2014/15](#)

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
Not applicable									

Sign off:

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Originating SMT Member – Andrew Hardingham													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

Statement of Accounts 2014/15

1. Introduction

- 1.1 The draft Statement of Accounts 2014/15 was approved by the Head of Corporate Strategic on 25 June 2015. The formal audit commenced on 15 June 2015. The External Auditor's Audit Findings Report (ISA 260 Report), including the outcome on the annual accounts audit and an action plan addressing key audit issues, is being presented to this meeting. The Accounts and Audit Regulations require the Statement of Accounts to be approved by the Council by 30 September 2015. For Plymouth, this responsibility has been delegated to the Audit Committee.
- 1.2 The Statement of Accounts for 2014/15 is attached at Appendix A.
- 1.3 The Council is also required to identify and report on any post balance sheet events that have occurred since 31 March 2015. The Statement of Accounts should therefore include all relevant post balance sheet events up to and including the 17 September 2015.
- 1.4 As part of the final audit requirement, and prior to the issue of the audit certificate, the Council is required to complete and sign a formal letter of representation and submit this to the auditor. This letter may be signed by the Assistant Director for Finance and the Chair of Audit Committee and is attached at Appendix B.
- 1.5 The Accounts have been produced in line with the relevant CIPFA Codes of Practice for 2014/15. The auditor has outlined in the ISA 260 report being presented to this Committee that he is satisfied that the Accounts have been compiled in accordance with the Code of Practice on Local Authority Accounting 2014/15 (The Code).
- 1.6 This is the last year of having Grant Thornton as the Authority's auditors and the Council Officers would like to express their thanks to Grant Thornton and the Audit staff for their help and assistance in finalising the Council's Statement of Accounts.

2. The 2014/15 Codes of Practice

- 2.1 There are two main Codes of Practice relevant to the production of the Statement of Accounts which CIPFA publish on an annual basis:-
 - The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code)
 - The Service Reporting Code of Practice for Local Authorities (SeRCOP)
- 2.2 The Code of Practice on Local Authority Accounting (the Code) is based on approved standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Committee (IFRIC) except where these are inconsistent with specific statutory requirements.
- 2.3 The 2014/15 Codes did not introduce any significant new obligations in terms of producing Plymouth's accounts for 2014/15, however, the following new requirements have been incorporated into this year's statements:-
 - The Code now encourages local authorities to prepare the Explanatory Foreword in line with Government guidance followed by other areas of the Public Sector. Although this is not yet a mandatory requirement for Local Government, this year's Foreword is presented in line with the guidelines.

3. Issues arising since publication of the 2014/15 draft Accounts

3.1 The following paragraphs outline the relevant issues that have arisen since the publication of the draft Accounts in June.

3.2 Post Balance Sheet Events (PBSE)

3.2.1 Although the Statement of Accounts shows the financial outturn position for 2014/15 and Balance Sheet position as at 31 March 2015, the Council is required to report material events occurring after 31 March 2015.

3.2.2 There are no additional significant event which has occurred since the draft Accounts were published in June which is required reporting within PBSE Note 4 (page 32).

3.3 Agreed Audit Amendments

3.3.1 The auditor's report outlines a number of changes that they are recommending be made to the draft 2014/15 Statement of Accounts published in June. These have been discussed and agreed with Officers, and are reflected in the final statements being presented for approval.

3.3.2 There were no misstatements identified during the audit of the draft financial statements.

3.3.3 In terms of amendments to Disclosure Notes, there were a few issues which came to light during the audit which have now been added to the statement of accounts, the main ones being as follows:-

- Note 8 – The Civic Centre was previously held as an asset in use but since the draft accounts were produced the Authority received an offer to purchase the Civic Centre. We have therefore reclassified the Civic Centre as an asset held for sale. This adjustment also affected notes 5, 16.1, 16.3 16.7, 17.1 and 18.
- Note 15 Landfill provision – since the draft accounts we have reviewed the calculation of the landfill provision with the auditors. The original calculations included income from sales of gas from the site. The gas produced from the site cannot reliably be predicted in the future therefore it is prudent not to include this in the landfill provision calculations.
- Note 21 Officer's Remuneration – these figures have been updated and agreed with payroll.
- Note 17.4 Cash balance – a school's bank balance was included in creditors and has been moved to cash at bank.
- CIES – Internal recharges have been removed from school's income and expenditure and there is no net effect to the cost of services.

3.3.4 Further details on the above amendments are reported in the External Auditor's report also on this agenda.

- i. In addition, there have been a small number of grammatical and punctuation corrections to the document identified by both Officers and the Auditor, including the insertion of additional wording to provide clearer explanation of the accounts.

4. Looking to the year ahead - Issues for the 2015/16 Statement of Accounts

- 4.1 Officers are looking forward to working with our new auditors BDO.
- 4.2 There are some challenging changes to the Code of Practice in 2015/16 and the Council spent time researching the requirements and we will work with the auditors to incorporate these changes into the Statement of Accounts for 2015/16.
- 4.3 As well as changes to the Codes of Practice, Officers will also be considering other documentation published by CIPFA which will have an impact on either 2015/16 or future years' accounts. Current developments include consultation documents and / or new publications on the following topics:-
- Transport Infrastructure Assets
 - IFRS 13 Fair Value Measurement
 - The Group Accounts Standards
 - Code of Practice on Local Authority Accounting in the United Kingdom 2015/16
 - Financial Statements: A Good Practice Guide for Local Authorities
- 4.4 Officers will continue to keep up to date on both internal and external developments relevant to the statutory accounts to ensure any new or amended requirements are successfully brought into the 2015/16 Accounts.
- 4.5 Officers will ensure that engagement with the external auditor is undertaken at an early stage, in order that any changes required can be reviewed ahead of the preparation of next year's accounts.
- 4.6 Officers will be working closely with the new external auditor, BDO to plan for the 2015/16 audit and would like to undertake the interim audit as early as possible in January 2016. This will enable much of the audit testing work to be completed prior to the main year-end audit.