

**Statement of Accounts 2015/16**

Portfolio:	(Portfolio)
Ward(s) Affected:	(Ward)

**Purpose:** The purpose of this report is to update the Committee on the actions being taken to ensure that the Statement of Accounts for 2015/16 is fully compliant with statutory requirements.

**1. Background**

- 1.1. This report is intended to inform the Audit Committee of the implications on the Statement of Accounts of the most significant statutory changes applying to the 2015/16 financial year, and the work underway to ensure that the Accounts are prepared in accordance with those requirements.
- 1.2. The Statement of Accounts is required to be prepared in accordance with 'proper practices' as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and any subsequent Local Authority Accounting Panel (LAAP) recommendations.
- 1.3. The external auditors, KPMG, will undertake planning for the 2015/16 audit and bring forward their proposed Audit Plan to a future meeting of this Committee.

**2. Changes Required****2.1. Accounts and Audit Regulations 2015**

The Accounts and Audit Regulations 2015 apply to all financial years starting on or after 1<sup>st</sup> April 2015. Amongst other things, these Regulations specify the standard to which the Accounts must be prepared; the approval and publication requirements; and how the rights of the public to take part in the process must be facilitated. The key changes are explained below:

**2.1.1. Exercise of Public Rights**

The draft, pre-audit, Statement of Accounts is required to be signed by the Section 151 officer by 30 June, and the audited Statement of Accounts should be approved by Members, by 30 September, annually.

The accounts are then published alongside a new statement setting out the public inspection rights and arrangements.

In previous years the public had 20 working days to inspect the accounts and one appointed day during which they could ask questions of or make objections to the external auditor. This inspection window has now been

extended to 30 working days and the public may now also ask questions of and make objections to the auditor at any point during this time.

### 2.1.2. Narrative Statement

With effect from 2015/16, the Council will be required to publish a narrative statement alongside its Statement of Accounts. The Narrative Statement must include comment by the Authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

## 2.2. Accounting Code of Practice 2015/16

The 2015/16 Code has introduced a number of presentational changes in relation to the disclosure notes to the Accounts. The draft format of the accounts is in the process of being updated for this.

## 2.3. Accounting Standards

The Accounts for 2014/15 identified a number of accounting standards that were not applicable to the accounts because they had not been adopted for that financial year. For 2015/16 the following changes arise from new or amended standards:

2.3.1. IFRS 13 Fair Value Measurement - This Standard provides a consistent definition of fair value and requires enhanced disclosure. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (i.e. the price that would be received / paid in an orderly transaction between market participants) to be used when measuring certain types of assets and liabilities. The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued at market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS13. Overall this Standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

The Accounting Code limits the impact of IFRS13 by only applying it prospectively (avoiding the need for prior period adjustments) and only to surplus assets, investment properties and financial instruments liabilities.

2.3.2. IFRIC 21 Levies - This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

**3. Options**

- 3.1 Members are asked to note the 2015/16 Statement of Accounts update and make any comments or suggestions as appropriate.

**4. Future Requirements**

- 4.1. With effect from the accounts for the financial year 2017/18, all Authorities will be required to prepare their accounts for approval by 31 May and audited accounts must be published by 31 July, following the year end.

**5. Resource Implications**

- 5.1. The published scale fee for External Audit for the 2015/16 Annual Accounts is £41,900.

**6. Recommendation**

- 6.1. Members are asked to note this report in respect of the Statement of Accounts for 2015/16.

**Background Papers:** None

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