

Report of the Director of Customer & Business Support Services

Statement of Accounts 2014/15

Summary

1. The purpose of this report is to present for information the draft 2014/15 Statement of Accounts before they are audited.

Background

2. The Council has to prepare an annual Statement of Accounts and present them to Audit & Governance Committee. Members are not being asked, at this stage, to approve these draft pre-audit accounts. The Chief Financial Officer has already signed the draft accounts by the statutory deadline of 30th June and the audited accounts will be brought back to this Committee in September for approval on behalf of the Council.
3. Following the authorisation of the Chief Finance officer on 30th June the accounts have been available for public inspection since 27th July and will continue to be available for 20 working days, with 24th August being the date on or after which local government electors for the area may exercise their rights to question the auditor about the accounts. Mazars are the Council's external auditors and they expect to issue a report and opinion by the end of September.
4. The pre-audit Statement of Accounts 2014/15 has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK and is produced in line with International Financial Reporting Standards (IFRS) which are the accounting standards used across the world making Local Authorities' Accounts more comparable with the private sector and worldwide.
5. The following key issues are highlighted for information

- a. In 2013/14 there were significant changes to the international accounting standard (IAS) 19 Employee Benefits that resulted in changes to the accounting treatment for pensions. In 2014/15 there has been a significant increase in the Council's share of the North Yorkshire Pension Fund deficit. However, there is no impact on the Balance Sheet and full details are provided in Note 49 to the Final Accounts.
- b. Useable reserves increased from £91.1m at the end of 2013/14 to £96m at the end of 2014/15. The increase is primarily due to an increase in right to buy receipts and a surplus on the Housing Revenue Account.
- c. Cash and cash equivalents shown on the balance sheet have increased due to early receipt of a variety of grants thus creating a temporary cash surplus.
- d. Although the Council has interests in companies and other entities that have the nature of subsidiaries, due to relatively small values involved, group accounts have not been prepared. Further information is shown in note 41 to the Accounts.
- e. Following the completion of the joint procurement with North Yorkshire County Council for a long term Waste Management Service Contract, additional information has been disclosed within note 44 to the Accounts. This is for information only and these amounts are not yet recognised in the Council's balance sheet.
- f. Following clarification provided in this year's code of practice a detailed review has been completed to assess the level of control the Council exercises in relation to both the Voluntary Aided & Voluntary Controlled schools. The review concluded that, in all cases, we don't exercise sufficient influence to warrant recognition on the Council's balance sheet. All elements of the Local Authority controlled schools are included in the financial statements.
- g. Included within the net revaluation loss of £10.621m, is a revaluation gain in relation to Council Dwellings of £13.919m and a revaluation loss in relation to other land & buildings of £24.046m. The primary driver of the loss is the revaluation on

completion of the two new park & ride sites - Poppleton Bar & Askham Bar.

Options

6. As this is a statutory requirement, no options are presented as part of this report.

Corporate Priorities

7. The Statement of Accounts provides a technical financial summary of the activities of the council and assists in providing the Council with a viable financial position on which to base future budget projections. It is a statutory requirement that the accounts are approved by the Audit & Governance Committee after the audit but before 30 September 2015.

Implications

8. The implications are
 - Financial – The Statement of Accounts show that for 2014/15 there is a provisional under spend of £688k. The full details of the outturn position were reported to Executive on 30th July.
 - Human Resources - there are no human resource implications to this report
 - Equalities - there are no equality implications to this report
 - Legal - there are no legal implications to this report
 - Crime and Disorder - there are no crime and disorder implications to this report
 - Information Technology - there are no information technology implications to this report
 - Property - there are no property implications to this report
 - Other - there are no other implications to this report

Risk Management

9. Areas of risk identified throughout the Final Accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met.

Conclusion

10. The production and publication of the Statement of Accounts is a statutory requirement that provides Members and interested parties with the chance to see the full financial position of the Council.
11. Bringing the Statement of Accounts to Audit & Governance provides an opportunity for Member led debate and compliance with defined best practice. It is an important part of Member involvement in corporate governance that scrutiny is undertaken of the Council's Accounts.

Recommendations

12. It is recommended that the Audit & Governance Committee notes;
 - a. the draft pre-audit Statement of Accounts for the financial year ended 31 March 2015 and
 - b. the annual governance statement contained within the accounts

Reason: To ensure that, in line with best practice, Members have had the opportunity to review the draft pre-audit Statement of Accounts.

Contact Details

Author:

Debbie Mitchell
Finance & Procurement Manager
01904 (554161)
debbie.mitchell@york.gov.uk

Chief Officer responsible for the report:

Ian Floyd
Director of Customer and Business
Support Services

Report approved	√	Date	17 July 2015
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Specialist Implications Officer(s) None

Wards Affected: *List wards or tick box to indicate all*

All

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For further information please contact the author of this report

Annexes

- A – Explanation of core statements
- B – Draft Statement of Accounts 2014/15

Abbreviations:

IFRS – International Financial Reporting Standards

CIPFA – Chartered Institute of Public Finance and Accountancy

IAS - International Accounting Standard