

# Report

## Audit Committee

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### Part 1

**Date:** 23 June 2016

**Subject** **Draft Financial Accounts 2015/16**

**Purpose** This report submits a copy of the draft 2015/16 financial accounts to Audit Committee for comments & information.

**Author** Head of Finance

**Ward** All wards

**Summary** The Section 151 officer will be signing and publishing the Council's draft accounts by the statutory deadline of 30 June 2016 and are shown here for information and comments, which could, where appropriate, be incorporated into the final signed draft version. Draft accounts are published to enable residents to consider and question the information within them.

The accounts are subject to audit and will be re-presented to the Committee in September for approval following completion of this work.

This report outlines the key statements within the accounts, and issues of interest to provide members with an understanding of the information presented. A presentation on the key documents and what they show will be made at the meeting.

**Proposal** That the Committee note and comment, where necessary, on the draft accounts.

**Action by** Head of Finance – Completion of audit and agreement of any issues

**Timetable** September 2016

This report was prepared after consultation with:

- Monitoring Officer

## Background

The draft financial statements cover the period 1 April 2015 to 31 March 2016 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Four key statements together with supporting notes detail the financial performance, these are:

- **The Comprehensive Income and Expenditure Statement (CIES):** showing the accounting cost in year of providing services in accordance with generally accepted accounting practices.
- **The Movement in Reserves Statement:** summarises the Authority's income and expenditure activity and shows how this is adjusted to arrive at the Authority's funding, or council tax position, and how surpluses / deficits have been distributed to reserves.
- **The Balance Sheet:** shows the value as at the 31 March 2016 of the assets and liabilities held and recognised by the Authority.
- **The Cash Flow Statement:** shows the movements in cash and cash equivalents of the Authority during the reporting period.

Key areas/issues within the accounts:

1. The CIES shows a financial position which looks different to the underspend reported to Cabinet. This is because the Financial Statements are required to make a number of adjustments under the Code. Note 28 provides a reconciliation back to the surplus reported to Cabinet.
2. Group Accounts – The Council will be producing group accounts but these draft accounts, at time of writing, do not include this note as information is awaited from Newport Bus Company to do this. This work will be completed and group accounts produced for the signed version, by 30<sup>th</sup> June 2016.

These draft accounts, along with supporting working papers have already been given to the WAO w/c 13 June to facilitate early engagement, where possible

A presentation on the key issues contained within the accounts will be made to the Committee and will hopefully facilitate questions and observations.

## Risks

The accounts are prepared in accordance with required codes of practice and disclosure notes relating to risks are included where appropriate.

## Links to Council Policies and Priorities

No direct links but the annual accounts show that the Council financial capacity is good and this is important for any organisation which requires funds to drive forward key priorities and improvements.

## Options available

No authorisation of the draft accounts is required from the Audit Committee.

The Committee is asked to note the draft accounts only and make any comments / seek clarification as necessary which could lead to a change in the accounts before they are signed by the HoF and published

**Preferred Option and Why**

To note the draft accounts and make comments / seek clarification as necessary

**Comments of Chief Financial Officer**

All financial issues are covered in this covering report and in the presentation which will be given to Members.

**Comments of Monitoring Officer**

S151 Officer is required to approve the draft accounts for 2015/16 before 30th June in accordance with the Accounts and Audit (Wales) (Amendment) Regulations 2010. Best practice however requires that these accounts are presented to the Audit Committee for information.

**Staffing Implications-: Comments of Head of Human Resources and Policy**

There are no HR issues in this report

**Local issues**

n/a

**Consultation**

n/a

**Background Papers**

None