

AUDIT AND GOVERNANCE COMMITTEE
21 JULY 2016**ANNUAL STATUTORY FINANCIAL STATEMENTS FOR THE**
YEAR ENDED 31 MARCH 2016

Recommendation

- 1. The Chief Financial Officer recommends that the Final Accounts Pack including the Statement of Accounts for the financial year ending 31 March 2016 be approved. (Appendix 2).**

Background

2. This report sets out the timetable for the publication of the Final Accounts pack that includes the audited Statement of Accounts. In addition some key messages on the issues relevant to their compilation in 2015/16 are referenced together with the County Council's External Auditor, Grant Thornton UK LLP, audit findings reports for the County Council and Pension Fund accounts.
3. The Chief Financial Officer would like to express his thanks to Grant Thornton staff for supporting the delivery of an audited set of accounts by this committee date.

2015/16 Closedown Process – Key Dates

4. The preparation of the Statement of Accounts for the 2015/16 financial year and their approval by the Audit and Governance Committee is the first stage in the process of accountability for the County Council's finances during 2015/16.
5. The External Auditor anticipates providing an unqualified opinion on the County Council's Statement of Accounts, subject to the completion of the Public Inspection Period on 20 July 2016 without challenge and a small number of final checks on the information submitted for audit. The External Auditor's reports are contained in Appendices 3 and 4.
6. The Statement of Accounts presented represents work completed to 11 July 2016. The remaining work is to provide additional assurance to the External Auditors and will not have material effect on the Statement of Accounts. A verbal report will be provided to the Audit and Governance Committee to confirm any items of work that remain outstanding.
7. Based on the adoption of the Statement of Accounts by the Audit and Governance Committee at its meeting on 21 July 2016, the Chief Financial Officer will sign the Statement of Accounts as presenting a True and Fair view of the financial accounting position of the County Council and the Pension Fund. The Chief Financial Officer confirms this is the case in the relevant Letters of Representation attached as Appendices 5 and 6.

8. The remaining steps are summarised below:

- a) 17 June to 20 July 2016 Public Inspection of the accounts (30 days);
- b) 21 July 2016 Audit and Governance Committee; and
- c) 31 July 2016 Publication of financial statements (including the audit opinion)

Statement of Accounts for the Year Ending 31 March 2016

9. To help make sense of a set of accounts that is required to be set out in a rigid statutory format, a summary report outlining the key financial and accounting issues included in the Statement of Accounts is provided for the Audit and Governance Committee in Appendix 1. A broader narrative for the wider reader is included in the Chief Financial Officer's Narrative Statement to the Statement of Accounts.

10. The Statement of Accounts that provide a comprehensive picture of the County Council's financial position is attached as Appendix 2.

11. The independent external auditor has indicated that they will issue an unqualified audit opinion subject to the Audit and Governance Committee approving the statements. Their audit findings reports are attached as Appendices 3 and 4.

Matters of substance

12. The key headlines are:

- a) Break even against the County Council's cash limited revenue budget; and
- b) A decrease of £8.0 million in the County Council's useable reserves.

13. There are no further matters of substance that need to be brought to members of the Audit and Governance Committee's attention.

Equality and Diversity Implications

14. An Equality Relevance Screening has been completed in respect of these recommendations. The screening did not identify any potential Equality considerations requiring further consideration during implementation.

Contact Points

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Supporting Information

- Appendix 1 Summary Accounts 2015/16
- Appendix 2 Statement of Accounts 2015/16
- Appendix 3 Audit Findings Report - Worcestershire County Council Audit 2015/16
- Appendix 4 Audit Findings Report – Worcestershire County Council Pension Fund Audit 2015/16
- Appendix 5 Chief Financial Officer Letter of Representation Worcestershire County Council
- Appendix 6 Chief Financial Officer Letter of Representation Worcestershire County Council Pension Fund

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

- Statement of Accounts 2014/15
- Budget 2015/16