

Audit and Governance Committee

26 June 2015

5. ANNUAL STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2015

Recommendation

- 1. The Chief Financial Officer recommends that the Final Accounts Pack including the Statement of Accounts for the financial year ending 31 March 2015 be approved (Appendix 2).**

Introduction

2. This report sets out the timetable for 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 2014/15 are referenced together with the Audit Findings reports for the Pension Fund and County Council Accounts that have been provided by the County Council's External Auditor, Grant Thornton UK LLP.

2014/15 Closedown Process – Key Dates

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.
4. The preparation of the Statement of Accounts for the 2014/15 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 2014/15.
5. The External Auditor anticipates providing an unqualified opinion on the County Council's Statement of Accounts subject to a small number of final checks on the draft information submitted for Audit. The External Auditor's reports are contained in Appendix 3 (To follow) and Appendix 4.
6. The Statement of Accounts presented to the Audit and Governance Committee represent work completed to 22 June 2015. There remains a small amount of work needed to finesse the Statement of Accounts and it is not anticipated that this will have a material effect on the Statement of Accounts. A verbal update 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 26 June 2015, 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 unless

Statement of Accounts for the Year Ending 31 March 2014

any material changes are required by the External Auditor based on the work that remains. In this instance consideration will be given to reconvening the Audit and Governance Committee – however this is unlikely to be required.

8. The remaining steps are summarised below:

- 26 June 2015 Audit and Governance Committee
- 26 June 2015 Statements published on Council Website
- 19 June 2015 to 16 July 2015 Public Inspection of the accounts (20 working days)
- 17 July 2015 External Auditor's appointed day to receive any objections to the accounts from members of the public
- Early August 2015 External Auditors sign opinion on the financial statements
- September 2015 Auditor formally closes the audit for the year.
- 30 September 2015 Publication of financial statements (including the audit opinion)

9. The Statement of Accounts for the year ending 31 March 2015 have been completed and independently audited to meet the statutory deadline for the 2014/15 accounts to be formally approved by 30 June 2015. The County Council goes a step further than what is required statutorily (approval by 30 September 2015) and ensures these are finalised, audited and approved by 30 June 2015.

10. 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 Explanatory Foreword to the Statement of Accounts. In addition, an analysis is provided of the key financial and accounting information in a brief overview report attached as Appendix 1.

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

12. The independent external auditor has indicated that they will issue an unqualified audit opinion subject to the Audit and Governance Committee approving the statements and there being no matters arising from the public inspection period. Their audit findings reports are attached at

Matters of Substance

Appendices 3 and 4.

13. The two key headlines are:

- Break even against the County Council's cash limited revenue budget and
- A decrease of £6.8 million in County Council useable reserves.

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

Disclosures/Changes

15. There has been one significant change to the disclosure requirements set out in the CIPFA Code of Practice on Local Authority Accounting 2014. This relates to the clarifying the position on different categories of schools and whether to account for them on the Council's Balance Sheet.

16. Following a review of the control and use of asset arrangements of the Voluntary Aided, Voluntary Controlled and Trust schools the Council's officers have concluded that these assets should not be recognised on the Council's Balance sheet and therefore are not included in The Statement of Accounts. (Appendix 2).

Supporting Information

- Appendix 1: 2014/15 Statement of Accounts - Summary financial and accounting information
- Appendix 2: Statement of Accounts
- Appendix 3: Audit Findings Report – Worcestershire County Council - Audit 2014/15 – To follow
- Appendix 4: Audit Findings Report – Worcestershire County Council - Local Government Pension Fund - Audit 2014/15
- Appendix 5: Draft Letter of Representation – Worcestershire County Council
- Appendix 6: Draft Letter of Representation – Worcestershire County Council - Pensions

Contact Points

County Council Contact Points

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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 2013/14

Budget 2014/15