

Subject:	Annual Governance Statement and Statement of Accounts 2015/16	Status:	For Publication
Report to:	Audit & Accounts Committee	Date:	4 th December 2018
Report of:	Finance Manager	Portfolio Holder:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required: Yes/No	Attached:	Yes/No
Biodiversity Impact Assessment	Required: Yes/No	Attached:	Yes/No
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1.	RECOMMENDATIONS
1.1	That Members note the contents of this report, and the changes made to the Annual Governance Statement and the Statement of Accounts 2015/16 (Appendix 1) since the drafts were submitted in June 2016.
1.2	Members consider the Letters of Representation regarding the 2014/15 Accounts (Appendix 2) and the 2015/16 Accounts (Appendix 3)
1.3	Members approve the attached Annual Governance Statement and Statement of Accounts 2015/16 (see Appendix 1).
1.4	Members approve the Letters of Representation regarding the 2014/15 (Appendix 2) and the 2015/16 Accounts (Appendix 3)

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update Members on the changes made to the Accounts for 2015/16 during the audit process.
- 2.2 Members consider the Letters of Representation for both the 2014/15 Accounts (Appendix 2) and the 2015/16 Accounts (Appendix 3)
- 2.3 Members approve the attached Annual Governance Statement and Statement of Accounts 2015/16.
- 2.4 Members approve the Letters of Representation regarding the 2014/15 (Appendix 2) and the 2015/16 Accounts (Appendix 3)

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
 - **A clean and green Rossendale:** our priority is to keep Rossendale clean and green for all of Rossendale's residents and visitors, and to take available opportunities to recycle and use energy from renewable sources more efficiently.
 - **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
 - **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:

- *Operational Governance and Risks:* the Annual Governance Statement: Year ended 31st March 2016 details the significant risks faced by the Council and the measures in place to mitigate, manage and monitor those risks.
- *Level of General Fund Reserves:* The Council must set a level of General Fund reserves based on an assessment of the potential risks to which the Council is exposed. Through its Medium Term Financial Strategy the Council has acknowledged the level of risks in the general economic environment through a suggested minimum level of General Fund balances of £1m. The Balance Sheet in the Statement of Accounts at Appendix 1 shows the General Fund Balance at the 31st March 2015 remains at £1m.
- *Contingent Assets and Liabilities:* An assurance will be submitted verbally to the Members at the Committee to confirm the current position with regards to Contingent Assets and Liabilities.

5. BACKGROUND AND OPTIONS

5.1 Statement of Accounts 2015/16 (Appendix 1) and the audit process since June 2016

The original draft Annual Governance Statement and Statement of Accounts for 2015/16 were brought to this Audit & Accounts Committee in June 2016 and then submitted for public scrutiny and external audit. During the audit process the operation of the East Lancs Empty Homes Scheme, and the accounting treatment of the Homes and Communities Agency (HCA) Grant for the Scheme, from the 2014/15 Accounts were still ongoing.

5.2 East Lancs Empty Homes Scheme

The accounting treatment of the HCA Grant in 2014/15 had been amended by the time the draft 2015/16 Accounts were prepared. However, an adjustment has been made during the audit of the 2015/16 Accounts to put the £1,164k provision for outstanding renovation works back into 2014/15 Accounts and increase the value to £1,850k. These works were tendered during Q4 of 2015/16, but the commitment to undertake the work existed at March 2015.

Consequently, the application of the Empty Homes Reserve originally included in the 2015/16 draft Accounts has now been put back into 2014/15. The draft balance at the 31 March 2016 was £1,452k but following the increase in the provision for renovation works the balance on the Reserve at the 31st March 2016 is now £766k.

5.3 Restatement of Prior Year Accounts 2014/15

All the changes made to the 2014/15 Accounts during the audit have now been reflected in the comparator year figures in the 2015/16 Accounts.

5.4 Other changes arising from the audit

There were some other amendments arising from the audit which were not related to the Empty Homes Scheme

- The £486k Clean Bus Technology fund grant received in March 2016 was put through the Comprehensive Income and Expenditure Statement (CIES) and then moved out to the Grants Unapplied Reserve to be carried forward to 2016/17. This was later used in 2016/17 to support the upgrading of the Rossendale Transport Ltd fleet.
- Better Care Funds for Disabled Facilities Grants were put through the CIES in total with the balance of £153k then moved out to the Capital Grants Unapplied Account to be carried forward to 2016/17.

- The Capital Grants Unapplied Account had been amended to show the value of grants received and applied in the year separately for both the Disabled Facilities Grant and the Homelessness Grant.
- The above changes have been reflected in the Cash Flow Statement, but these did not change the Cash & Cash Equivalents at the end of March 2016, which remains at £3,304k.
- The Group Accounts have been updated following the audit amendments to the Council's accounts noted above.
- Group Accounts have also been amended following the completion of the Transport Company's Accounts, which included a restatement of their 2014/15 figures.

5.5 **Letter of Representation - 2014/15 Accounts**

This letter, from the Chair of this Committee and the Head of Finance, is to provide the External Auditor with the required assurances as to the completeness of the 2014/15 financial statements, the working papers and the disclosures made to the auditor. Members are asked to consider the contents of this letter and then approve its signature and submission to the Auditor.

5.6 **Letter of Representation - 2015/16 Accounts**

This letter, from the Chair of this Committee and the Head of Finance, is to provide the External Auditor with the required assurances as to the completeness of the 2015/16 financial statements, the working papers and the disclosures made to the auditor. Members are asked to consider the contents of this letter and then approve its signature and submission to the Auditor.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Financial matters are noted in the report attached.

7. MONITORING OFFICER

7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 Unless specifically commented upon within the report, there are no implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy section.

9. CONCLUSION

9.1 Members should note the changes made during the audit and the impact that these have of the Accounts for 2015/16.

9.2 Members consider the Letters of Representation regarding the 2014/15 Accounts (Appendix 2) and the 2015/16 Accounts (Appendix 3).

- 9.3 Members are now in a position to approve the Statement of Accounts for 2015/16 and the Annual Governance Statement on pages 12 to 17 attached at Appendix 1.
- 9.4 Members approve the Letters of Representation regarding the 2014/15 (Appendix 2) and the 2015/16 Accounts (Appendix 3)

Background Papers	
Document	Place of Inspection
Draft Statement of Accounts 2015/16.	Audit & Accounts Committee 30 th June 2016 https://www.rossendale.gov.uk/download/meetings/id/7929/item_d5_appendix_1

Background Papers	
Document	Place of Inspection
Draft Statement of Accounts 2015/16.	Audit & Accounts Committee 30 th June 2016 https://www.rossendale.gov.uk/download/meetings/id/7929/item_d5_appendix_1