

Joint Audit and Governance Committee



Report of Head of Finance/Chief Accountant (Capita)

Author: William Jacobs/Simon Hewings

Telephone: 01235 422480/01235 422499

Textphone: 18001 01235 422480/18001 01235 422499

E-mail: William.jacobs@southandvale.gov.uk

simon.hewings@southandvale.gov.uk

Wards affected: all

South Cabinet member responsible: Jane Murphy

Tel: 07970 932054

E-mail: jane.murphy@southoxon.gov.uk

To: Joint Audit and Governance Committee

DATE: 20 March 2017

Vale Cabinet member responsible: Robert Sharp

Tel: 01367 710549

E-mail: Robert.sharp@whitehorsedc.gov.uk

Statement of accounts 2016/17

Recommendations

(a) To note progress on completing the 2016/17 statement of accounts

(b) To approve the revised statements of accounting policies as shown in Appendix 1 (South Oxfordshire DC) and Appendix 2 (Vale of White Horse DC).

Purpose of Report

1. To update councillors on progress being made towards the completion of the 2016/17 statement of accounts, and to present revised statements of accounting policies for approval.

Strategic Objectives

2. South – unqualified final accounts helps us demonstrate our strong financial position.
3. Vale – unqualified final accounts helps us demonstrate that we run an efficient council.

Background

4. As councillors will be aware, the statement of accounts for both councils for 2016/17 are required to be completed and signed off for audit by the head of finance by 30 June, and audited accounts are to be approved by this committee for publication by 30 September. This report brings to the attention of the committee some of the key issues for this year's closedown.

Changes to the accounts for 2016/17

5. The key change to the financial statements for 2016/17 is presentational. In previous years councils have been required to present the Comprehensive Income and Expenditure Statement (CIES), one of the primary statements in the accounts, on the basis of a national standard for presentation known as SeRCOP – the Service Reporting Code of Practice. To make the accounts easier to understand for the reader, from 2016/17 onwards councils will be able to present the CIES based on how they manage their resources.
6. To further help the reader, a new Expenditure and Funding Analysis (EFA) will be introduced. This will reconcile the movement in a council's general fund balance to the surplus/deficit on the provision of services as shown in the CIES. This will explain the statutory adjustments made to figures calculated in line with International Financial Reporting Standards (IFRS).
7. As a consequence of the introduction of the EFA, another of the primary statements, the Movement in Reserves Statement (MiRS) can be simplified as much of its contents are included in the EFA.
8. There is a need to restate the CIES and the MiRS from 2015/16 although the bottom line totals will be unchanged as these changes reflect a re-analysis of prior year costs in the case of the CIES, and a change to the new format for the MiRS. There is no change to, or requirement to restate, the 2015/16 balance sheet.
9. There are no new or changed accounting standards, or other technical changes, that need to be reflected in the 2016/17 accounts. This means that there are no substantive changes to the statement of accounting policies, other than to reflect the changes highlighted above. The draft policies are attached as Appendix 1 (South Oxfordshire DC) and Appendix 2 (Vale of White Horse DC) and the committee is asked to approve these.

Faster closedown

10. As previously reported to this committee, the final accounts deadlines are being brought forward, so that the 2017/18 statement of accounts is required to be signed off for audit by the head of finance by 31 May 2018, with committee approval for publication required by 31 July 2018. Although this change is one year away accountancy, in common with many authorities, is taking the opportunity to make preparations for this by bringing forward deadlines as a trial run. For practical purposes, given the Whitsun bank holiday and school half term, a target deadline of Friday 26 May 2016 for completion of the 2016/17 accounts has been set.

11. Whilst the team has timetabled its work around this deadline, its achievement is not solely within the gift of the accountancy team as information from a number of third parties is required. As in previous years, information on amounts material to the accounts is required as follows:
- Pensions liability information from the actuaries,
 - Property valuations from the councils' valuers,
 - Council tax and business rates information from Capita's revenues and benefits service.
12. In addition, the implementation of the Five Councils' Partnership means that there are additional areas where information, which was once provided by an internal service, is now provided by an external provider. An example is information required to complete the officers' emoluments note, which will now come from the Capita human resources service.
13. In addition, accountancy is reliant on the Joint Client Team for information on client team recharges and recharges of Capita and Vinci contract costs, which are all paid by South Oxfordshire DC on behalf of all five councils in the partnership in the first instance. All third parties have been made aware of deadlines in advance, and the timetable and guidance was circulated on Monday 27 February.

Other issues

14. The plan for closing the accounts takes into account the available resource and current planned activity during the period. Should significant additional, or urgent, project work arise during the final accounts period, this could affect the team's ability to meet the statutory deadline. The impact of such work will be reviewed, prioritised and managed by Capita and agreed with the Head of Finance and the Joint Client Team's Finance and Procurement Manager. Any impact which affects the ability to meet the statutory deadline will be reported to councillors.

Financial Implications

15. There are no direct financial implications arising from this report.

Legal Implications

16. None

Risks

17. None

Other Implications

18. None

Conclusion

19. In preparing for the 2016/17 final accounts process there are a number of issues that committee needs to be aware of which have been covered in this report.