

**Cheltenham Borough Council**  
**Audit Committee**  
**21 September 2016**  
**Statement of Accounts 2015/16**  
**Report of the Section 151 Officer**

<b>Accountable member</b>	<b>Cabinet Member Finance, Rowena Hay</b>
<b>Accountable officer</b>	<b>Section 151 Officer, Paul Jones</b>
<b>Accountable scrutiny committee</b>	<b>Audit Committee</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Significant Decision</b>	<b>Yes</b>
<b>Executive summary</b>	The purpose of this report is to present the audited Statement of Accounts 2015/16 for formal approval. Members of the Committee will recall that Council previously agreed that the consideration and sign off of the statement of accounts is delegated to the audit committee and that no report is made back to council unless there are issues arising from the audit.
<b>Recommendations</b>	<p>a) Audit Committee is requested to formally approve the accounts for the year ended 31<sup>st</sup> March 2016.</p> <p>b) The Chair of the Audit Committee is recommended to sign the Statement of Accounts and the letter of representation.</p>

<b>Financial implications</b>	<p>As included in Appendix 1 –Statement of Accounts 2015/16.</p> <p><b>Contact officer: Sarah Didcote</b>  <b>E-mail: <a href="mailto:sarah.didcote@cheltenham.gov.uk">sarah.didcote@cheltenham.gov.uk</a></b>  <b>Tel no: 01242 264125</b></p>
<b>Legal implications</b>	<p>This report adopts relevant guidance issued in the Accounts and Audit Regulations 2003 and 2011.</p> <p><b>Contact officer: Peter Lewis</b>  <b>E-mail: <a href="mailto:Peter.Lewis@tewkesbury.gov.uk">Peter.Lewis@tewkesbury.gov.uk</a></b>  <b>Tel no: 01684 272012</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>None</p> <p><b>Contact officer: Julie McCarthy,</b>  <b>E-mail <a href="mailto:julie.mccarthy@cheltenham.gov.uk">julie.mccarthy@cheltenham.gov.uk</a>,</b>  <b>Tel no: 01242 264355</b></p>

<b>Key risks</b>	There are no risks arising from this report which need to be brought to the attention of members.
<b>Corporate and community plan Implications</b>	None identified.
<b>Environmental and climate change implications</b>	None identified.

## **1. Introduction**

- 1.1** The Accounts and Audit Regulations require the council to prepare an annual statement of accounts by 30th June of each year. The Section 151 Officer must sign and date the draft statement of accounts, and certify that they present a true and fair view of the financial position of the council. There should then be a period of public inspection of the accounts of 20 working days, for which public notice of at least 14 days must be given.
- 1.2** The Regulations then require that the draft accounts be audited and for the audited statement of accounts to be considered and approved by way of a council committee by 30 September, following the year end. The Section 151 Officer must re-certify the audited statement of accounts prior to this meeting. Following approval by the committee, the statement of accounts is to be signed and dated by the person presiding at the meeting. Council has delegated authority to the Audit Committee to review and approve the audited statement of accounts.
- 1.3** The Audit Committee review specifically considers whether appropriate accounting policies have been followed, the conclusion of the audit of the statements, and whether there are any issues that need to be brought to the attention of the Council. The Committee also considers whether the Annual Governance Statement fairly reflects the arrangements within the council and whether the suggested action plan will address any significant governance issues.
- 1.4** The 'Audit Findings' report from Grant Thornton to this meeting highlights any key changes to the original draft accounts presented for audit.

## **2. Background**

- 2.1** The draft Statement of Accounts was signed by the Section 151 Officer on 30th June 2016. The public inspection period operated from 1st July to 11th August 2016 and a public notice to that effect was publicised on the Council's website.
- 2.2** From 2010/11 the Statement of Accounts has had to comply with a new code of accounting practice – the CIPFA Code of Practice on Local authority Accounting (the 'Code'), which fully incorporates International Financial Reporting Standards (IFRS).
- 2.3** The accounts were audited during July and August 2016 and have been signed by the Section 151 Officer.

## **3. Auditor's Report**

- 3.1** The council's external auditors, Grant Thornton UK LLP, conducted a full audit of the financial statements and will issue a 'Report to those charged with governance (ISA 260) for 2015/16', which is anticipated to give the Statement of Accounts an unqualified audit opinion.

## **4. Reasons for recommendations**

- 4.1** The Council is required to formally approve its audited Statement of Accounts by 30<sup>th</sup> September. The Chairman of the Audit Committee is asked to approve the Statement on behalf of the Council.
- 4.2** A copy of the audited Statement of Accounts 2015/16 is attached at Appendix 1 to this report. Once approved, the audited statements will be published on the Council's website and notice advertised of the completion of the audit.

## **5. Letter of representation**

- 5.1** As part of the approval process for the Statement of Accounts, the Council is required to provide a Letter of Representation to the external auditor. This is to confirm or notify any material factors that could affect the auditor's view of the accounts since formal closure at 31st March 2016.
- 5.2** Note 31 outlines contingent liabilities; these are issues that currently exist but had not materialised by 31st March 2016. As Section 151 Officer I can confirm there has been no resolution to date of these matters, nor any other changes that I need to report to the external auditor.
- 5.3** It is seen as best practice for both the Section 151 Officer and the Chair of the Audit Committee to sign the Letter of Representation. A copy of this letter is given at Appendix 2 to this report.

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<b>Appendices</b>	1. Statement of Accounts 2015/16 2. Letter of representation
<b>Background information</b>	External Audit Working paper files 2015/16 Code of Practice on Local Authority Accounting in the UK 2015/16 Accounts Service Reporting Code of Practice 2015/16 Ledger records for 2015/16.