

**STATEMENT OF ACCOUNTS 2014-15**  
**WDA/32/15**

**Recommendation**

That Members:

1. Note the changes made to the accounts during the audit
2. Approve the Statement of Accounts for 2014-15; and
3. Approve the Letter of Management Representation to the auditor

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**STATEMENT OF ACCOUNTS 2014-15****WDA/32/15****Report of the Treasurer****1. Purpose of the Report**

- 1.1 The Authority is statutorily required to prepare a Statement of Accounts that complies with proper accounting practices. The Authority is required to approve the Statement of Accounts each year. The Authority's Statement of Accounts for 2014-15 is attached as Appendix 1.
- 1.2 Members' attention is drawn to amendments made to the accounts as a result of the audit of the draft statement that was prepared. These amendments have improved the financial position of the Authority and contributed to an increase in the balances.

**2. Background**

- 2.1 The Statutory framework for the preparation and approval of the Authority's Statement of Accounts is set out in the Accounts and Audit (England) Regulations 2011 which came into force on 31 March 2011.
- 2.2 The framework means that the Accounts should be prepared in draft by the Treasurer and signed before 30 June each year. Then, following the audit of the accounts, the accounts are adopted formally by the Authority by 30 September at which point an audit opinion is provided.
- 2.3 The Authority has complied with the statutory requirements for 2014-15 and the Auditor is prepared to issue an unqualified Audit Opinion.

**3. The Statement of Accounts**

- 3.1 The Authority's accounts were prepared under the provisions of the Code of Practice on Local Authority Accounting (the Code) which is prepared by the Chartered Institute of Public Finance and Accounting (CIPFA). The Code that applied for 2014-15 was not significantly different from the previous years.
- 3.2 The four key statements are:

- The Comprehensive Income and Expenditure Account (CIES);
- The Balance Sheet;
- The Movement in Reserves Statement (MIRS); and
- The Cash Flow

3.3 Each of these statements is regarded by the Code as a principal statement and their order is not significant as each has the same precedence. They are supported by notes to the accounts and are underpinned by Accounting Policies that confirm how key transactions and balances have been brought into the accounts.

#### **4. Key issues**

4.1 Since the accounts were prepared for the end of June a number of amendments and adjustments have been made and agreed with the auditor.

4.1 During the Audit process the auditor has highlighted a number of amendments that could be made to the Authority's Statement of Accounts for 2014-15. These amendments have been agreed as they improve the quality of the Authority's financial information.

4.1 The Authority's accounting treatment for the disclosure of the payment to District Councils of the Waste Development Fund, of £28.9M has been enhanced by the addition of a disclosure note at the bottom of the CIES which allows the reader of the accounts to more easily identify the other parts of the accounts where the disclosures may be found.

4.2 The Authority's year end procedures require managers to identify payments near to the year-end that should be charged against the 'old' or the 'new' financial year. This accruals process is used to ensure that goods or services are charged to the correct financial period. For one of the invoices at the year-end an accrual was made, and wrongly charged to the old year. Despite an internal check this was not identified as a charge to the wrong year. The effect of this is that too much expenditure was charged to 2014-15 in the CIES, and the General Fund. The audit finding has allowed the Authority to reverse this entry, reducing expenditure and increasing the balance available on the General Fund by £943k. This amendment flows through a number of entries on the accounts.

- 4.3 The auditor reviewed the way the asset that is the Gilmoor MRF was treated in the accounts and proposed that the estimated life of the asset should be reviewed. This review was carried out and has resulted in an amendment to the disclosure note in respect of the estimated long term future liability associated with the asset, reducing the overall liability by over £1.2M. This technical accounting adjustment has no overall impact on the Authority's balances or Levy at this stage.
- 4.4 The auditor asked for an amendment to Note 10 regarding Financial Instruments which has been discussed and agreed; an explanatory note has been added which confirms that the creditors total also includes short term creditors.
- 4.5 In note 4 of the accounts the Authority showed the impact of the release of a provision regarding a legal settlement of £6.9M, an additional line has been added showing the release of the provision as income to the CIES which reflects the whole of the transaction more fully.
- 4.6 Note 29 on Service Concessions has been amended to reflect a change in the methodology for calculating the unitary charge / service charge elements of the disclosure.
- 4.7 The Auditor has made a recommendation within their report regarding Quality Assurance of year end procedures; this has been agreed by officers.
- 4.8 The auditors work is ongoing – but no further changes are anticipated. The auditor anticipates issuing an unqualified opinion and certificate.

## **5. Letter of management representation**

- 5.1 The auditor seeks representations from Management at the Authority that all matters have been disclosed that should be disclosed and that the assumptions underpinning any accounting matters that are considered to be unusual are declared fully. The Letter of Management Representations attached at Appendix 2 contains the information requested by the Auditor.

## **6. Risk implications**

- 6.1 There is a risk that the Authority will fail to comply with the statutory requirements regarding the approval of the statement of accounts.

Recognising the changes in the requirements and putting in place new arrangements mitigates the risk.

## **7. HR Implications**

7.1 There are no HR implications

## **8. Environmental Implications**

8.1 There are no environmental implications

## **9. Financial Implications**

9.1 The Authority's balances on the General Fund available for supporting revenue costs are increased by £943k.

## **10. Legal Implications**

10.1 The Authority will comply with its legal obligation regarding the statement of accounts by approval of the statement. This will allow the Auditor to provide an audit opinion and certificate, enabling the Authority to publish the accounts by the statutory deadline of 30<sup>th</sup> September.

## **11. Conclusion**

11.1 Members are therefore requested to approve the Authority's Statement of Accounts for 2014-15.

11.2 Members are also requested to approve the Letter of Management Representations.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.