

**STATEMENT OF ACCOUNTS 2015-16**  
**WDA/21/16**

**Recommendation**

That Members:

1. Note the changes made to the accounts during the audit
2. Approve the Statement of Accounts for 2015-16; and
3. Approve the Letter of Management Representation to the auditor

THIS PAGE INTENTIONALLY BLANK

**STATEMENT OF ACCOUNTS 2015-16****WDA/21/16****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 2015-16 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 had a small impact on the financial position of the Authority and contributed to a decrease 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 2015 and the Local Audit and Accountability Act.
- 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 2015-16 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 2015-16 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.

3.4 The narrative introduction by the Chief Finance Officer of the Authority is a change to the previous requirements which is intended to provide commentary for users of the accounts on financial performance and stewardship of funds for the year ended 31 March.

#### **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.

4.2 During the audit process between the accountant and the auditor a small number of amendments that could be made to the Authority's Statement of Accounts for 2015-16 have been highlighted. These amendments have been agreed as they improve the quality of the Authority's financial information.

- Manual adjustments made to balances carried forward from the prior year have now been reflected properly in the CIES, there is no financial impact;
- Closed Landfill Site provisions, a technical adjustment has been made to reflect the effect of discounted cash flows, there is no financial impact;
- The value of the Authority's holding in the company was overstated (by £5.1M) as the company underwent a decapitalisation exercise last year, this has been amended, the technical accounting for this amount was under review at the time of writing by the external auditor, but is expected to be a simple technical accounting adjustment.

- The debtor balance in the accounts may be overstated by £103k, this is being reviewed and may have the impact of reducing income and balances by the same amount if proved to be correct;
- The creditor balance in the accounts may be understated by £163k which has the impact of reducing the available balances.
- There are a small number of other minor amendments that have been made as a result of the audit, there are no other financial impacts; and
- There are a number of minor disclosure issues that have been amended as a result of the audit.

4.3 The auditors' work is ongoing – but no further changes are anticipated. The auditor anticipates issuing an unqualified opinion and certificate.

## **5. Value for money**

5.1 The auditor has completed their work to satisfy themselves about the Authority's arrangements for securing value for money.

## **6. Letter of management representation**

6.1 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.

## **7. Recommendation**

7.1 The auditor has made a recommendation regarding continued improvements to year end cut off procedures, this is supported and will be important in the current year's closedown.

## **8. Risk implications**

8.1 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.

## **9. HR Implications**

9.1 There are no HR implications.

## **10. Environmental Implications**

10.1 There are no environmental implications.

## **11. Financial Implications**

11.1 The Authority's balances on the General Fund available for supporting revenue costs may be reduced by £266k.

## **12. Legal Implications**

12.1 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.

## **13. Conclusion**

13.1 Members are therefore requested to approve the Authority's Statement of Accounts for 2015-16.

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

The contact officer for this report is: Peter Williams  
7th Floor, Number 1 Mann Island, Liverpool, L3 1BP

Email: [peter.williams@merseysidewda.gov.uk](mailto:peter.williams@merseysidewda.gov.uk)

Tel: 0151 255 2542

Fax: 0151 227 1848

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