

HERTFORDSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

FRIDAY, 23 SEPTEMBER 2016 AT 10.30 AM

ANNUAL STATEMENT OF ACCOUNTS 2015/16 – HERTFORDSHIRE COUNTY COUNCIL (INCLUDING FIRE FIGHTERS' PENSION FUND) FINANCIAL STATEMENTS

Report of the Director of Resources

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1. Purpose of the Report

- 1.1 To provide the Committee with an outline of any significant changes to the draft Statement of Accounts, and to recommend their approval.

2. Summary

- 2.1 The draft Statement of Accounts has now been audited, and a small number of changes made. This report sets out the key areas of change and their impact. The revised accounts are at Appendix A to the report.

3. Recommendations

- 3.1 The Committee is invited to approve the Annual Statement of Accounts.

4. Background

- 4.1 The draft Statement of Accounts, which were subject to audit and final approval, were certified by the Chief Finance Officer in June 2016.
- 4.2 Following the audit review of the Council's accounts, a small number of changes have been made to the statements of accounts.

5. Changes to the Statement of Accounts

- 5.1 A number of changes have been made to the Statement of Accounts as a result of the audit. The following changes did not impact the General Fund balance:
- 5.1.1 The audit identified a discrepancy in the method for calculating the revaluation of PFI assets. This has been corrected, giving an increase in the asset value of £3.26m to £65.8m (note 12) and an offsetting increase in the revaluation reserve (note 24).
- 5.1.2 Further amendments were required on note 12 for adjustments to recognise revaluation on de-minimis assets, process part disposals and to write out a historic difference in the reconciliation of gross book value shown in the finance records as compared to the property database, TechForge.

- 5.1.3 A payment made on behalf of the Hertfordshire Local Enterprise Partnership (LEP) was incorrectly treated in the accounts as a grant payment rather than a loan. Expenditure and the value of debtors recognised in the accounts has been adjusted to reflect this.
- 5.1.4 At the time of publishing the draft accounts, the tax liability for Herts Catering Ltd was unknown. This has now been included in the group consolidation.
- 5.2 Subsequent to the production of the draft accounts, officers identified two further adjustments required to transfers to specific reserves. As a result, the General Fund has moved by £1.303m from £30.809m to £32.112m, which is in line with the expected value set in the Integrated Plan. The adjustments were:
- 5.2.1 A transfer to reserves with respect to the Innovation Fund was duplicated. This has now been amended.
- 5.2.2 Adjustments to the expenditure charged to Public Health were processed after the transfer to/from reserves. This has resulted in an additional transfer to the Public Health reserve being required.
- 5.3 In addition, there have been a number of minor disclosure amendments, mainly comprising text changes to clarify meaning. There is some additional text in the accounting policies and in Note 12 to meet the new requirements of IFRS13 to disclose information on the valuation of assets. Note 6 Post Balance Sheet Events now includes some general narrative on the potential impact of Brexit.
- 5.4 A final version of the accounts incorporating the auditor's final opinion and certificate will be published on the Council's website by 30 September 2016 in accordance with the statutory deadlines, and is provided (excluding the auditor's certificate) at Appendix A.