

LGSS DRAFT STATEMENT OF ACCOUNTS 2014-15

To: Audit and Accounts Committee

Date: 14th July 2015

From: NCC Director of Finance and Section 151 Officer

Electoral division(s): All

Forward Plan ref: N/a *Key decision:*

Purpose: This report presents the draft LGSS Annual Report, which includes the draft Statement of Accounts for 2014-15 and Annual Governance Statement. The draft Annual Report is provided as Appendix A to this report.

Recommendation: The Audit and Accounts Committee is asked to note the completion of the draft LGSS Annual Report 2014-15, for submission for audit.

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1. BACKGROUND

- 1.1 The Annual Report comprises the LGSS Statement of Accounts for 2014-15, along with the LGSS Annual Governance Statement.
- 1.2 The accounts are prepared under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2014-15, which is based on International Financial Reporting Standards (IFRS). This is in line with the preparation of the annual accounts for both Northamptonshire and Cambridgeshire County Councils.
- 1.3 The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how LGSS has used the public funds for which it is responsible.
- 1.4 The signing, approval and publication of the Accounts is set out in Section 8 of the Accounts and Audit Regulations 2011. Accordingly they are certified by the Director of Finance (NCC) by 30th June prior to submission to audit by the external auditor. KPMG have been appointed by the Audit Commission to undertake this work. The Accounts will require further certification and also approval by the LGSS Joint Committee by 30th September at the conclusion of the audit. The relevant sections of the founding authority constitutions delegate responsibility to the LGSS Joint Committee for the approval of the annual report. The final Accounts will also be presented to the Audit and Accounts Committee at its September meeting.

Consultation and Scrutiny

- 1.5 This report has been produced in consultation with the LGSS Director of Finance and the LGSS Management Board. It is to be presented to the LGSS Joint Committee on 25th June. It is also subject to scrutiny through this Committee and its usual governance procedures.

2. LGSS STATEMENT OF ACCOUNTS 2014-15

2.1 Presentation

- 2.1.1 The LGSS Statement of Accounts has been produced alongside the production of the annual Statement of Accounts of each founding authority and is based on the same financial records. Whilst the single entity accounts of Northamptonshire and Cambridgeshire County Councils include the proportion of LGSS attributable to each authority, the LGSS Statement of Accounts shows the combined position across all of the LGSS operational budgets (in other words excluding the managed budgets that LGSS manages on behalf of the founding authorities).
- 2.1.2 Some points to note:
 - (a) The LGSS Accounts have been prepared using the CIPFA Code of Practice on Local Authority Accounting (the Code) and the Service Reporting Code of Practice (SeRCOP). These specify the service headings to be included within the Comprehensive Income and Expenditure Statement (CIES). As LGSS is operating in a

commercial environment all activity has been treated as trading activity; both with the founding authorities, Northamptonshire County Council and Cambridgeshire County Council, and with other partner bodies through Partnership and Delegation agreements. This trading activity falls outside of the services headings prescribed by SeRCOP, so SeRCOP specifies that within the CIES this is all shown within the Financing and Investment Income and Expenditure line. Further detail on LGSS's trading activity can be seen within Note 10 of the LGSS Accounts.

- (b) There are no fixed assets shown within LGSS's balance sheet. The reason for this is that as LGSS is not a separate legal entity the fixed assets (such as buildings) are controlled by the host authorities and other partners. Consequently the fixed assets are recognised within the accounts of the relevant authority and are not within the LGSS accounts. The balance sheet within the LGSS accounts recognises debtors, creditors and provisions attributable to LGSS activity, and LGSS reserves.
- (c) LGSS Operational Reserves as at 31 March 2015 were £2,005k, a reduction of £291k from the position of £2,296k as at 31 March 2014.

2.2 Annual Governance Statement

- 2.2.1 The Annual Governance Statement outlines the governance arrangements for LGSS and how these have been applied during the year.

2.3 Other Matters

- 2.3.1 A small number of disclosure and presentational changes to this document are still required ahead of the final version being approved in September. In summary these are:

- Any adjustments arising as a result of further work carried out by the finance team or external audit review;
- Inclusion of the independent auditors' report which contains the overall audit opinion after the audit of the LGSS accounts has concluded.

3. FURTHER STAGES IN THE FORMAL PROCESS

- 3.1.1 As stated, the accounts are subject to external audit. This audit will conclude in September when the auditors will issue a formal opinion on the Council's accounts and this will be reported back to Audit and Accounts Committee on 22 September 2015.
- 3.1.2 In accordance with statutory requirements, the accounts will be open to public inspection for a period of 20 working days before the final audit opinion is issued. This follows the advertisement of the public notice in the local press and on the LGSS website.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

There are no significant implications within this category.

5.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

5.3 Equality and Diversity Implications

There are no significant implications within this category.

5.4 Engagement and Consultation Implications

There are no significant implications within this category.

5.5 Localism and Local Member Involvement

There are no significant implications within this category.

5.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Code of Practice 2014-15 (based on IFRS) Statement of Accounts working papers. LGSS Outturn Report for 2014-15	Room 301 Shire Hall, Cambridge

