

**FINAL ACCOUNTS 2015/16**

Report of the: Treasurer to the Conservators  
Contact: Michael Smith  
Annexes/Appendices (attached): Annexe 1 – 2015/16 Cost Centre Account  
Annexe 2 - Draft Financial Statements 2015/16  
Annexe 3 - Annual Return and Statement of Assurance for the year ended 31 March 2016

Other available papers (not attached): Final Accounts Working Papers

**REPORT SUMMARY**

**This item reports on the final accounts for the financial year 2015/16 and the financial position as at 31 March 2016**

**RECOMMENDATIONS**

*Notes*

- (1) That the final accounts for 2015/16 be received, subject to external audit.**
- (2) That the Conservators accept the Statement of Accounts and the Annual Governance Statement as set out in sections 1 and 2 of Annexe 3 to this report.**
- (3) That the Conservators confirm that the arrangements for internal audit as set out in this report are effective for auditing purposes.**
- (4) That the Chairman and Clerk be authorised to sign the Statement of Assurance on behalf of the Conservators**

**1 Introduction**

1.1 The detailed revenue account for the year ended 31 March 2016 is attached at Annexe 1. This shows detailed income and expenditure for the year compared to the original budget and the forecast reported in January 2016.

1.2 The draft financial statements for 2015/16 are attached at Annexe 2.

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1.3 The Annual Return for Smaller Bodies is required to be sent to the Audit Commission and is attached at Annexe 3.

1.4 The accounts are subject to external audit.

## 2 Revenue Account for 2015/16

2.1 A deficit of income over expenditure was generated resulting in £8,595 being transferred from the working balance.

2.2 Gross expenditure at £384,847 was less than the original budget by £10,233. The main discrepancies are as follows:-

2.2.1 Reduced grounds maintenance charges of £4,440.

2.2.2 No expenditure was incurred during the year against the £4,000 provision for ecological surveys, this expenditure occurs every 5 years and a survey was due in 2015/16.

## 3 Repairs and Renewals Fund

3.1 The balance on the fund was £34,013 at 31 March 2016 calculated as follows:-

	£
Balance b/f 1 April 2015	31,262
Contributions 2015/16	2,500
Payments 2015/16	0
Sub total	33,762
Interest on balance (0.81% Interest rate applied)	251
Balance c/f 31 March 2016	<u>34,013</u>

## 4 Financial Implications

4.1 The working balance stood at £56,259 as at 31 March 2016 (£64,853 at 31 March 2015).

4.2 The balance sheet debtor is Epsom and Ewell Borough Council who holds the working balance and renewals fund reserve. The Council credits interest on these sums to the Conservators' account on the average return on the Council's investments for 2015/16 at 0.81%.

## 5 Internal Audit

5.1 The following comprises the review of the effectiveness of internal audit arrangements for the current year.

5.2 All financial transactions are processed through Epsom and Ewell Borough Council's financial systems and transactions recorded on the Council's financial management systems.

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- 5.3 Baker Tilley have been appointed by Epsom and Ewell Borough Council to provide internal audit services to the Council and to audit the financial statements of 'smaller bodies'
- 5.4 Baker Tilley prepares a risk based audit strategy and an annual audit plan which covers all of the Council's core financial systems.
- 5.5 The Audit Plan is submitted annually to Epsom and Ewell Borough Council's Audit, Crime & Disorder & Scrutiny Committee who act as an Audit Committee under the Council's constitution
- 5.6 The Audit, Crime & Disorder & Scrutiny Committee receive quarterly audit progress reports and a year-end Assurance Report
- 5.7 The role and scope of internal audit can be extracted from the annual assurance report prepared for Epsom and Ewell Borough Council and this can be found on the public part of the Audit, Crime & Disorder & Scrutiny Committee agenda of the meeting dated 28 June 2016.
- 5.8 Baker Tilley audit plan includes provision to review smaller bodies accounts and financial statements, including the Epsom and Walton Downs Conservators' accounts.
- 5.9 Baker Tilley Internal Audit Contract Manager makes the appropriate arrangements for the smaller body accounts to be checked and signed off for Section 4 of the Annual Return.

## **6 Annual Return**

- 6.1 Smaller bodies in England must complete an annual return to the appointed External Auditor. The Annual Return for the year ending 31 March 2016 is attached at Annexe 3:-
  - 6.1.1 Section 1 comprises a summary of the statement of accounts completed by the responsible financial officer.
  - 6.1.2 Section 2 comprises a Statement of Assurance which must be approved by the body and signed by the Chairman and the Clerk.
  - 6.1.3 Section 3 comprises the external auditor's certificate and opinion.
  - 6.1.4 Section 4 comprises the annual internal audit report.
- 6.2 With regard to the Statement of Assurance the Conservators will note that:-
  - 6.2.1 The detailed budget is submitted to the Conservators each year prior to contributions being levied from constituent bodies,
  - 6.2.2 Officers monitor the account as part of the Council's budget monitoring arrangements with monthly monitoring reports and quarterly reviews of major variances.

- 6.2.3 A mid-year monitoring report is presented to the Conservators by the Treasurer.
- 6.2.4 A year-end report is presented to the Conservators by the Treasurer.
- 6.2.5 All transactions are subject to the Council's financial management and internal control arrangements
- 6.2.6 The Council's financial processes and operational activity are subject to risk profile as part of the audit needs assessment.

## **7 Issues arising from the previous Audit of the Accounts for the year ended 31 March 2015**

- 7.1 The external auditors carry out a review of the financial returns and identify areas where changes are required.
- 7.2 The external auditors, BDO LLP, completed the audit of the accounts for the year ended 31 March 2015. No changes were required to the financial position for 2014/15 as reported in June 2015.
- 7.3 One recommendation was made, that due to the annual return not adding up by £1 that in future years these minor errors should be omitted from the return.

## **8 Proposals**

- 8.1 It is proposed that:-
  - 8.1.1 the draft final accounts for 2015/16 be received
  - 8.1.2 the Conservators accept the Statement of Accounts
  - 8.1.3 the Conservators confirm that the arrangements for internal audit as set out in this report are effective for the purpose of the Committee
  - 8.1.4 the Chairman and Clerk be authorised to sign the Statement of Assurance on behalf of the Conservators.
- 8.2 Any significant changes to figures following external audit will be reported back to the Conservators.

## **9 Conclusions**

- 9.1 Expenditure for the year exceeded income by over £8,594.
- 9.2 The working balance at the year-end is £56,259 which represents approximately 15% of annual turnover (18% last year).

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- 9.3 The level of working balance, taking into account this commitment, is considered to be adequate for the purpose.