

North York Moors National Park Authority Finance, Risk Audit and Standards Committee

5 September 2016

Statement of Final Accounts 2015/16

1. Purpose of the Report

- 1.1 To present to Members a Draft version of the paper for Authority and Draft Statement of Final Accounts for the year 2015/16 for discussion prior to approval on 15 September 2016.

2. Background

- 2.1 The Statement of Accounts is formally approved by Authority before the end of September in each year. Due to the timing of the next Authority meeting Officers have made arrangements for this formal approval to take place at a Special Authority meeting on 15 September.
- 2.2 In order to expedite the discussion by the Authority Officers are seeking questions and comments from Members of this Committee prior to formal submission on 15 September. The **Appendix** and **Appendix A** to this report is a draft of the paper and Statement of Accounts which will be submitted to Authority.
- 2.3 KPMG as the Authority's new auditors have at this stage completed the majority of the fieldwork and the Auditors report will be also be presented and discussed at the meeting on 15 September and the statement of assurance inserted into the accounts.
- 2.4 Following formal approval the Statement of Accounts will be uploaded to the website.

3. Annual Governance Statement

- 3.1 The draft Annual Governance Statement is also included in the Draft Statement of Accounts for publication. Members have already commented on the statement. However, if Members have further comments to be made these can be incorporated into the Statement prior to formal approval.

4. Financial and Staffing Implications

- 4.1 The financial and staffing implications are described in the report.

5. Sustainability Appraisal

- 5.1 There are no sustainability issues.

6. Legal Implications

- 6.1 There are no legal implications arising from this report.

7. Recommendation

- 7.1 That Members note and comment on the Draft Statement of Final Accounts for the financial year ended 31 March 2016 prior to finalisation and approval at the Authority meeting on 15 September 2016.

Contact Officer:
Sandra Langthorne
North Yorkshire County Council

North York Moors National Park Authority

15 September 2016

Statement of Final Accounts 2015/16

1. Purpose of the Report

- 1.1 To present to Members a Draft Statement of Final Accounts for the year 2015/16 for approval.

2. Statement of Accounts 2015/16

- 2.1 As a result of the Environment Act 1995 the North York Moors National Park Authority is recognised as a separate corporate body which is required to produce its own Statement of Final Accounts (SOFA).
- 2.2 As per financial regulations the draft SOFA was signed by the Section 51 Officer prior to the deadline of 30 June 2016 and the final audited SOFA is attached in **Appendix A**. The format and content of this document complies with the CIPFA IFRS Code of Practice on Local Authority Accounting (The Code). The Code sets out the proper accounting practice required for the SOFA, within the statutory framework of the Accounts and Audit Regulations 2011.
- 2.3 The Annual Governance Statement within the SOFA and this has been discussed and approved by the Finance, Risk, Audit and Standards Committee on 6 June 2016.
- 2.4 There have been no significant changes to accounting policies in 2015/16.
- 2.5 The Audit Fieldwork took place in the week commencing 4 July 2016. There have been no major changes to the draft SOFA as a result of the audit and the Independent Auditors Report is shown in pages 8 to 10.
- 2.6 The outturn figures in the written report to the Finance, Risk, Audit and Standards Committee on 6 June 2016 have not been adjusted or amended. The amount of underspend for 2015/16 transferred to reserves was £611k.

3. Adjustments made to the SOFA due to the CIPFA IFRS Code of Practice on Local Authority Accounting

- 3.1 When preparing the SOFA based on the Code, numerous accounting adjustments are required, many of which are notional and do not impact on National Park Grant funding in 2015/16. The final underspend of £611k is notionally adjusted in the Comprehensive Income and Expenditure Account and a surplus of £223k is recorded on page 23 of the SOFA. The table over gives the breakdown and explanation of the adjustments.

3.2 Comprehensive Income and Expenditure Account

Reconciliation between Management Accounts and Comprehensive Income and Expenditure Account		
		£000
Note 1	Underspend reported to FRASC 6 June 2016	-611
Note 2	Capital purchases funded from revenue	-52
Note 3	Profit in disposal of fixed assets (Vehicles)	-37
Note 4	Depreciation of Assets	189
Note 5	IAS 19 Pension Adjustment	133
Note 6	Adjustment for the Accumulated Absence Account	-2
Note 7	Pensions interest cost and expected return on assets	156
Note 8	Other minor change in relation to interest	1
Note 9	Surplus on provision of Services	-223

Note 1 - Underspend previously reported to FRASC

Note 2 - Adjustments made to reclassify the revenue funding of items defined as capital expenditure for the purposes of the Final Accounts. This type of Revenue Expenditure is funded by National Park Grant, but does not impact on the Surplus reported in the Comprehensive Income and Expenditure Account.

Note 3 – Profit on disposal of vehicles. This does not impact on the Surplus reported in the Comprehensive Income and Expenditure Account.

Note 4 - Depreciation and other Capital charges, to conform to CIPFA Capital Accounting Regulations, which require that Non-Current Assets (buildings, plant and machinery and intangible non-current assets) are depreciated or amortised. This adjustment does not affect the “bottom line” net cost to be funded by National Park Grant and working balances.

Note 5 - Due to Financial Reporting Standards (IAS 19), the actual pension payments made by the employer are removed and replaced by the actual current service operating cost of providing retirement benefits. These adjustments do not affect the overall amount to be met from National Park Grant, but the disclosures more accurately reflect the liabilities of the position of the pension fund.

Note 6 - adjustments to and from the Accumulated Absences Account. These adjustments reflect the year-to-year movement in the notional value of untaken holiday at 31 March each year, by staff within the Authority. This adjustment is purely notional and does not impact on the cash and budgetary position at year-end.

Note 7 - Pensions interest cost and expected return on assets

Note 8 – Net effect of interest paid and received

Note 9 - Net Expenditure totals reported in the SOFA as the Net Surplus on the Provision of Services in the Comprehensive Income and Expenditure Account.

4. **Balance Sheet**

- 4.1 The Authority is an admitted body to the North Yorkshire Pension Fund (NYPF) and the Balance Sheet includes a pension reserve liability of £3.843m as at 31 March 2016 (was £4.792m as at 31 March 2015). This liability reflects the fair value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them. Further details can be found in the Statement of Accounts in
- 4.2 The net pension liabilities decrease the overall level of reserves on the Balance Sheet. However, this does not impact on the level of the Authority's cash reserves or on the available value of National Park Grant. In addition, whilst the liability suggests a significant shortfall between the forecast cost of future pension and the current level of assets in the pension fund, these figures are a snapshot in time and the value of the assets fluctuates in line with market conditions.
- 4.3 The North Yorkshire Pension Fund has a long term investment strategy in place for addressing the deficit , based on the level of employer contributions paid into the fund.

5. **Audit of Accounts**

- 5.1 The SOFA has been audited by KPMG this year and the Independent Auditors Report is detailed on pages 8, 9 and 10 of the SOFA.

6. **Financial and Staffing Implications**

- 6.1 The financial and staffing implications are described in the report.

7. **Sustainability Appraisal**

- 7.1 There are no sustainability issues.

8. **Legal Implications**

- 8.1 There are no legal implications arising from this report.

9. **Recommendation**

- 9.1 That Members approve the Statement of Final Accounts for the financial year ended 31 March 2016.

Contact Officer:
Sandra Langthorne
North Yorkshire County Council

Background documents to this report

File Ref

1. Service Reporting Code of Practice (SeRCOP).
2. CIPFA Code of Practice on Local Authority Accounting (the Code).
3. Financial Grant Memorandum (Revision dated April 2008).
4. Report to Special National Park Authority 20 January 2011 Pension Fund Triennial Valuation 2010.