

STATEMENT OF ACCOUNTS

Derry and Strabane District Council
For the period ended 31st March 2015

Derry and Strabane District Council
Financial Statements

For the period ended 31st March 2015

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Explanatory Foreword

Introduction

As part of local government reform 11 New Councils in Northern Ireland were established under the Local Government Act (Northern Ireland) 1972 as amended by the Local Government (Boundaries) Act (Northern Ireland) 2008.

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision for the New Councils, which came into existence on 26th May 2014 and operated in shadow form until they took over full responsibility for local government on the 1st April 2015 when the 26 predecessor councils ceased to exist.

Under the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014, during the transitional period a New Council shall:

- Prepare for the discharge of its functions after the 31st March 2015, and shall, in particular, establish such committees and sub-committees, appoint such staff, and prepare such budgets, plans, schemes and other things as are, or will be, required for that purpose; and
- Liaise with any existing council for the purposes of ensuring continuity in the exercise of its functions on and after the 1st April 2015.

It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the New Council for this period.

Financial Report

New Councils operated in shadow form, and therefore had limited activity, until they took over full responsibility for local government on 1st April 2015. As such they were not required to observe all the relevant accounting and disclosure requirements given in the Code of Practice during the period ended 31st March 2015.

The Financial Statements for the period ended 31st March 2015 have been prepared in line with the Department of the Environment (DOE) Accounts Direction, Circular LG 13/2015.

The Financial Statements explain the New Council's finances during the financial period ended 31st March 2015 and its financial position at the end of that period.

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The following statements provide further information:

- The Movement in Reserves Statement, as set out on page 16 shows the movement in the period on the reserves held by the New Council.
- The Comprehensive Income and Expenditure Statement, as set out on page 17, shows the income earned and the expenditure incurred during the period by the New Council in accordance with generally accepted accounting practices. This includes details of funding received from Government bodies and Predecessor Councils, together with details of administrative expenditure incurred by the New Council.
- The Balance Sheet, as set out on page 18, shows the value as at the Balance Sheet date of the New Council's assets and liabilities. The net assets of the New Council (assets less liabilities) are matched by the reserves held by the New Council.
- The Cash Flow Statement, as set out on page 19, shows the changes in cash and cash equivalents of the New Council during the reporting period. The statement shows how the New Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

For the period ended 31st March 2015 the New Council accounted for grant income of £585,135, Predecessor Council contributions of £538,343 and incurred total costs of £1,093,246. The financial activities of the New Council are wholly funded by Government Bodies and the Predecessor Councils, and as such did not show a deficit for the period.

Post Balance Sheet Events

From 1st April 2015, Predecessor councils cease to exist and their functions and balances transferred to the New Council.

On this date, Central Government have also transferred specified services/functions to the New Council.

Legislative Context for Preparation and Audit of the Financial Statements

As provided for by Article 3 of the Local Government (Northern Ireland) Order 2005, the accounts of every local government body shall be:

- a) made up to the end of each financial year; and
- b) audited by a local government auditor designated by the Department, after consultation with the Comptroller and Auditor General for Northern Ireland.

Article 24 of the Local Government (Northern Ireland) Order 2005 provides that the Department may, by regulations, provide for the Statement of Accounts to be in a form directed by the Department. In this regard the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 were made on 7 March 2006.

These accounts are prepared in compliance with the Departments' Accounts Direction, issued under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. Since the New Council came into existence on 26th May 2014, they have been prepared from that date to 31st March 2015.

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Statement of the Derry and Strabane District Council's and the Chief Financial Officer's responsibilities for the Statement of Accounts

The New Council's Responsibilities

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a Council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its Chief Financial Officer (CFO). Arrangements made by a council for the proper administration of its financial affairs shall be carried out under the supervision of its Chief Financial Officer.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the New Council [or a committee thereof] is required by resolution to approve the accounts.

These accounts were approved by The Assurance, Audit and Risk Committee of Derry and Strabane District Council on 16th October 2015.

The Chief Financial Officer's Responsibilities

Under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Chief Financial Officer is responsible for the preparation of the New Council's Statement of Accounts in the form directed by the Department of the Environment.

The accounts must give a true and fair view of the income and expenditure for the financial period and the financial position as at the end of the financial period.

In preparing this Statement of Accounts, the Chief Financial Officer is required to:

- observe the Accounts Direction issued by the Department of the Environment;
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis; and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

Schedule 1 of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 disapples provisions of existing local government legislation in respect of the new councils during the transitional period. For example, the Chief Financial Officer is not required to report on the adequacy of reserves. With the exception of the disapplied provisions, Chief Financial Officers should ensure the New council is compliant with the Local Government Finance Act (NI) 2011 and the Prudential Code for Capital Finance in Local Councils ("the Prudential Code"), and ensure that this is reflected where appropriate in the financial statements.

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CIPFA recently issued *Guidance on Prudential Indicators and the impact of Local Government Reform* to provide councils with guidance on the issues that surround setting and reviewing the prudential indicators for the newly formed council. Chief Financial Officers should ensure they are compliant on matters such as the quality of the report on the robustness of estimates, the annual investment strategy approved by Council and reporting on the indicators contained in the Prudential Code.

Governance Statement

Introduction

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2015 provides that, during the transitional period, a New Council should:

- (i) prepare for the discharge of its functions after 31st March 2015 and, in particular, establish such committees and sub-committees, appoint such staff, and prepare such budgets, plans, schemes and other things as are, or will be, required for that purpose; and
- (ii) liaise with any existing council for the purposes of ensuring continuity in the exercise of its functions on and after the 1st April 2015.

Derry and Strabane District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under Local Government (Best Value) Act (NI) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Derry and Strabane District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Derry and Strabane District Council is required to prepare a Governance Statement covering the period of the accounts, which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. This statement explains how the Council meets the requirements of Regulation 2A of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in relation to the publication of a statement on internal control.

The Governance Framework

The governance framework has been in place at Derry and Strabane District Council for the financial period ended 31st March 2015 and up to the date of approval of the Financial Statements.

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which the Council accounts to and engages with the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

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The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the New Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Chief Executive for Derry and Strabane District Council has responsibility for maintaining a system of sound internal controls and risk management processes to support the Council in the achievement of its objectives, and for reviewing their effectiveness. The systems of controls are based on a continual process designed to identify the principal risks to the achievement of the project objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Despite having its own governance arrangements in place, the New Council also placed reliance on the governance arrangements in place within Derry City Council (as the Lead Council) as advised in Local Government Circular LG 34/2014 'Guidance to councils on the financial operation of new councils during the shadow period.' It is therefore important to note that Derry City Council's governance statement is also applicable to the New council's governance arrangements.

The DOE issued guidance to Councils in June 2014 on the financial operation of the new Councils during the shadow period 2014/2015. The guidance states that each new Council during the shadow period should comply with all applicable legislation in respect of its financial administration. This includes the requirements to maintain an adequate system of internal audit as provided for in Regulation 3(A) of the Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006. Derry City Council's Internal Audit Section provided assurance to the Governance & Strategic Planning Committee in relation to the operation of the New Council.

This section provides a summary of the key elements of the systems and processes that comprise the New Council's governance arrangements.

Arrangements for identifying and communicating the New Council's vision of its purpose and intended outcomes for citizens and service users

Good Governance Guidance states that 'Local Government bodies need to develop and articulate a clear vision of their purpose and intended outcomes for citizens and service users that is clearly communicated, both within the organisations and to external stakeholders'. To facilitate this the New Council, in conjunction with its Predecessor Councils, has developed a Corporate Plan which is currently available to the public (and all interested parties) on request and via the Council's website.

In developing a Corporate Plan for the new Council, 6 engagement sessions were held in July and September 2014 which involved new council elected Members, the Transition Management Team and senior staff from transferring functions. Approximately 260 staff from across the two current organisations at all grades and transferring functions and Local and Regional Unions representatives attended these sessions.

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Twelve local engagement sessions were also held in January and February 2015 to engage directly with citizens and to ascertain their views and aspirations for the new Council.

The first year corporate plan was ratified by Council at the end of May 2015 and subsequent to this the final plan will be available on the Council's website.

The Council has a specific communication plan for the rates information and a dedicated website and facebook pages to support access to information by citizens and service users. In addition to this, the Council provides a daily media service for updating the public on corporate initiatives and achievements.

Arrangements for reviewing the New Council's vision and its implications for the New Council's governance arrangements

The Council's focus during 2014/2015 was to prepare for transition on the 1st April 2015. Arising out of the Corporate Planning/ engagement process the new Council has identified the following mission:

"Deliver improved social, economic and environmental outcomes for everyone."

Our corporate objectives are to:

1. Grow our business and facilitate cultural development.
2. Protect our environment and deliver physical regeneration.
3. Promote healthy communities.
4. Provide effective and facilitative cross functional support services.

Governance and decision-making arrangements were reviewed prior to the Annual Meeting in March 2015 and the Council has adopted a new committee structure which reflects the above objectives / priorities. Accordingly, there are 6 committees: Environment & Regeneration, Health & Community, Business and Culture, Planning, Governance & Strategic Planning and Assurance, Audit & Risk.

In addition the objectives / priorities identified above are reflected in the new organisational structure which is based on 3 outcome focused directorates – Environment & Regeneration, Health & Community and Business and Culture plus a number of strategic support units.

Progress made against the New Council Corporate Plan for the transitional period has been reviewed on a regular basis and formally reported by way of periodic progress reports, interim reports and final reports to the New Council/relevant New Council committees.

Arrangements for defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

The Northern Ireland Local Government Code of Conduct for councillors came into force on 28th May 2014. All elected members within the New Council have signed up to the Code of Conduct. A Code of Governance was developed for the New Council for the period ended 31st March 2015, based on the six principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: a Framework'.

Terms of Reference have been documented for the Assurance, Audit & Risk Committee detailing their scrutiny function. Job descriptions and job specifications have been developed for all Senior Manager roles, which clearly define and document the roles and responsibilities of officers. Appropriate meetings take place for effective communication.

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Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

All employees have a Contract of Employment and all Contracts include a Code of Conduct, which must be followed.

The New Council has a wide range of policies and procedures, which are subject to on-going review and include the standards of behaviour expected from all members and employees.

All policies and procedures are communicated to employees through induction and other on-going training initiatives.

The behaviour, standards and ethics expected of members are outlined in the Code of Conduct for Councillors issued by the Department of the Environment.

The New Council is fully compliant with all these policies and procedures.

Arrangements for reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

The New Chief Executive, in conjunction with its Predecessor Councils, has developed standing orders, standing financial instructions, a scheme of delegation etc. for the New Council operating in shadow form.

A new Risk Management Strategy was developed during 2014/2015 for the new Derry and Strabane District Council. This Strategy was approved by Committee in January 2015.

Arrangements for undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The New Council has in place a Governance Committee which fulfilled the role of an audit committee. In addition to this all relevant reports were reported to Derry City Council's Audit Committee. The Governance Committee met monthly during 2014/2015 and Derry City Council's Audit Committee met bi-monthly and had responsibility for reviewing:

- The system of internal control and management of risks;
- The financial reporting process;
- The internal and external audit process;
- Council's processes for monitoring compliance with laws and regulations; and
- Council's processes for monitoring compliance with its own Standing Orders, policies and procedures.

Audit Committee training was offered to all members of the new Council in November 2014. The Audit Committee training took place on Friday 28th November 2014. Derry and Strabane District Council has an Assurance, Audit & Risk Committee, which meets monthly. The terms of reference for this Committee were approved in April 2015.

Arrangements for ensuring compliance with relevant laws and regulations, internal policies and procedures, and ensuring that expenditure is lawful

The New Council regularly reviews progress made and issues arising by way of periodic progress reports, interim reports and final reports regarding compliance with relevant laws and regulations, internal policies and procedures and ensuring lawful expenditure. Assurance has been provided by Derry City Council's Internal Audit function and the internal financial systems in operation within Derry City Council.

While the New Council utilised the financial expertise, systems and controls of Derry City Council, the New Council retains responsibility for ensuring that these are appropriate.

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A number of Working Groups were set up during 2014/2015 to ensure a smooth transition took place on 1st April 2015. Risk Registers were developed for each of these Working Groups and reviewed and updated monthly. Risk Registers were reviewed by the Transition Management Team fortnightly and by the Governance Committee monthly.

The New Council use Derry City Council's in-house legal team to provide expertise, advice and guidance as required.

Arrangements for whistle-blowing and for receiving and investigating complaints from the public

The New Council relies on Derry City Council's Whistleblowing Policy, Anti-Bribery Policy and Counter Fraud Policy. All relevant policies are currently being documented for the new Council.

The handling of complaints is set out in the Council's Complaints Procedure, a copy of which is published on the Council's website.

Arrangements for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The New Council relied on the procedures adopted by Derry City Council to identify the development needs of members and senior officers during the transitional period.

Review of effectiveness

Overall control of the governance framework and the system of internal control is the responsibility of the New Council. Regular meetings, policy documents and periodic progress reports enabled the New Council to examine and evaluate the progress made and address issues affecting the implementation of the New Council Corporate Plan.

The New Council has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness was informed by the work of Council's Officers, who have responsibility for supporting the Committee in the development and maintenance of the governance environment and also by recommendations made by Internal Audit.

The Chief Executive of the New Council is the Chief Financial Officer, and leads the Council's Senior Management Team to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework.

The Chief Executive of the New Council has been advised on the implications of the result of the review of effectiveness of the governance framework by the Assurance, Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Chief Executive for the New Council has responsibility for the preparation of this Annual Governance Statement. In preparing this statement, consideration has been given to the governance framework, the system of internal controls in place, and Best Practice guidance.

The Chief Executive of the New Council also undertook a review of the effectiveness of Internal Audit during the period in line with the requirements of the Public Sector Internal Audit Standards. This review proved satisfactory.

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The Committee structure for the new Council is as follows:

- Health & Community Committee
- Business & Culture Committee
- Environment & Regeneration Committee
- Planning Committee
- Assurance, Audit & Risk Committee
- Governance & Strategic Planning Committee

The majority of Senior Officers have now been appointed for Derry and Strabane District Council; with a recruitment exercise currently underway to recruit the remainder. Senior Officers are currently reviewing their structures to ensure that the new organisation is as efficient and effective as possible.

The DOE issued guidance to Councils in June 2014 on the financial operation of new Councils during the shadow period 2014/2015. The guidance states that each new Council during the shadow period should comply with all applicable legislation in respect of its financial administration. This includes the requirement to maintain an adequate system of internal audit as provided for in Regulation 3(A) of the Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006. Derry City Council's Internal Audit Section provided assurance to the Governance & Strategic Planning Committee in relation to the operation of the New Council. In particular the Lead Assurance Officer is satisfied that the New Council:

- Prepared for the discharge of its functions after 31st March 2015 and, in particular, established committees and sub-committees, appointed staff, and prepared budgets, plans, schemes etc that were required for that purpose;
- Liaised with the existing councils for the purposes of ensuring continuity in the exercise of its functions on and after the 1st April 2015.

Significant governance issues

Local Government Reform:

1. Adequacy of the transferring functions grant
2. Transfer of Data

Proposed Action

1. In relation to the adequacy of the transferring functions grant this had not had an impact on the New Council during the shadow period; however is a significant financial risk for Derry and Strabane District Council. The risk has been quantified and Council has made a number of representations and will continue to do so to Central Government in relation to addressing this issue.

2. In relation to the transfer of data - a significant amount of work was carried out during 2014/2015 to ensure a seamless transition at 1st April 2015. From a financial perspective new banking arrangements are in place and financial systems have been agreed with appropriate back up arrangements in place. Work is currently ongoing in all areas to ensure that all data is transferred correctly.

Local Government Reform

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 vested functions and powers in the New Councils during the transitional period to enable them to prepare for the assumption of their full functions and to ensure continuity in performance after the 1st April 2015.

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From 1 April 2015, under the Reform of Local Government, the number of Councils in Northern Ireland reduced from 26 Predecessor to 11 New Councils. From that date the Northern Ireland Executive agreed to transfer some functions currently carried out by NI Government Departments and give some new responsibilities to the 11 New Councils. The New Councils will be stronger, more efficient and will deliver more effective services.

The Local Government Act (Northern Ireland) 2014 introduced the legislative framework for Northern Ireland's 11 New Councils. This includes how decisions are made, how positions of responsibility are shared across political parties, how improvements in the delivery of council functions can be achieved to reflect the needs of local communities, and how effectively and efficiently council services are delivered to people. It provides for strong, modern, statutory governance in Councils and introduces a new ethical standards framework which includes a mandatory code of conduct for councillors.

The Local Government Act (Northern Ireland) 2014 also made provision for Northern Ireland Departments to make schemes for the transfer of designated assets or liabilities from the 26 Predecessor Councils to the 11 New Councils, and from departments to the 11 New Councils.

Signature


.....
Chief Financial Officer

Date

12/10/15

Signature


.....
Chair of Assurance, Audit and Risk Committee (Derry and Strabane District Council)

Date

16/10/15

Derry and Strabane District Council

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For the period ended 31st March 2015

Certificate of the Chief Financial Officer and New Council's Approval of the Statement of Accounts

I certify that :-

- a) The Statement of Accounts for the financial period ended 31st March 2015 on pages 3 to 28 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on page 20.

- b) In my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial period and the financial position as at the end of the financial period ended 31st March 2015.

Signature


.....
Chief Financial Officer

Date

16/10/15

Signature


.....
Chair of Assurance, Audit and Risk Committee (Derry and Strabane District Council)

Date

16/10/15

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY CITY AND STRABANE DISTRICT COUNCIL

I have audited the statement of accounts of Derry City and Strabane District Council for the period ended 31 March 2015 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. The statements of account have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Derry City and Strabane District Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities issued by the Chief Local Government Auditor.

Respective responsibilities of the Chief Financial Officer and the independent auditor

As explained more fully in the Statement of Derry City and Strabane District Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the statement of accounts and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial period and the financial position as at the end of the financial period. My responsibility is to audit the statement of accounts in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Derry City and Strabane District Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Derry City and Strabane District Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements, of the financial position of Derry City and Strabane District Council as at 31 March 2015 and its income and expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

Opinion on other matters

In my opinion the information given in the Explanatory Foreword for the financial period ended 31 March 2015 is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- The Governance Statement:
 - does not comply with proper practices specified by the Department of the Environment;
or
 - is misleading or inconsistent with other information I am aware of from my audit; or
- adequate accounting records have not been kept; or
- the Statement of Accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Certificate

I certify that I have completed the audit of accounts of Derry City and Strabane District Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



Louise Mason

Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

2 October 2015

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Movement in Reserves Statement

	<i>Notes</i>	Total Usable Reserves £	Total Unusable Reserves £	Total Reserves £
At 26th May 2014		-	-	-
Movement in reserves during the year				
Surplus on the provision of services		30,232	-	30,232
Other comprehensive income and expenditure		-	-	-
Total comprehensive income and expenditure		30,232	-	30,232
Adjustment between Accounting and Funding basis	12	(30,232)	30,232	-
At 31st March 2015		-	30,232	30,232

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Financial Statements For the period ended 31st March 2015

Comprehensive Income and Expenditure Statement for the period ended 31st March 2015

	<i>Notes</i>	2014/15 £
Income		
Income from Predecessor Councils	3	538,343
Government Grants	4	585,135
Total Income		<u>1,123,478</u>
Expenditure		
Members Costs	5	469,908
Staff Costs	6	305,967
Other Expenditure	7	317,371
Total Expenditure		<u>1,093,246</u>
Surplus on the provision of services		<u>30,232</u>
Other Comprehensive Income and Expenditure		-
Total Comprehensive Income and Expenditure		<u>30,232</u>

Derry and Strabane District Council
Financial Statements **For the period ended 31st March 2015**

Balance Sheet as at 31st March 2015

	<i>Notes</i>	£
Long Term Assets	8	30,232
Short Term Debtors	9	676,150
Cash and Cash Equivalents	10	-
Current Assets		<hr/> 676,150
Bank Overdraft	10	-
Short Term Creditors	11	676,150
Current Liabilities		<hr/> 676,150
Net Assets		<hr/> 30,232 <hr/>
Usable Reserves	12	-
Unusable Reserves	12	30,232
Net Worth		<hr/> 30,232 <hr/>

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Financial Statements For the period ended 31st March 2015

Cash Flow Statement for the period ended 31st March 2015

	<i>Notes</i>	2014/15
		£
Surplus on the provision of services		30,232
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	13	7,558
Net Cash Flows from Operating Activities		37,790
Net Cash Flows from Investing Activities	13	(37,790)
Net Cash Flows from Financing Activities	13	-
Net increase / (decrease) in cash and cash equivalents		-
Cash and Cash Equivalents at the beginning of the reporting period		-
Cash and Cash Equivalents at the end of the reporting period	10	-

1 Accounting Policies

General Principles

The Financial Statements summarise the New Council's transactions for the 2014/15 financial period and its position as at 31st March 2015. The New Council is required to prepare Financial Statements in a form directed by the Department of the Environment in accordance with regulation 4(1), and in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). As the New Council has had limited activity during the transitional period, it was not required to observe all relevant accounting and disclosure requirements given in the Code of Practice during this period.

Accruals of Income and Expenditure

The Financial Statements have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Financial Statements for the year in which those effects are experienced and not in the year in which the cash is actually received or paid. This ensures that provision has been made for known outstanding debtors and creditors at the period end, estimated amounts being used where actual figures are not available.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred. It is Council policy not to capitalise individual assets costing less than £5,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation on plant and equipment (including IT equipment) is charged on a straight-line basis using a standard life of 5 years.

Derry and Strabane District Council
Financial Statements

For the period ended 31st March 2015

2 The Segmental Report

2014/15

		DOE Funding	Predecessor Council Funding	Other Income	Total
		£	£	£	£
Income from Predecessor Councils	3	-	538,343	-	538,343
Government Grants	4	585,135	-	-	585,135
Other Income		-	-	-	-
Total Income		585,135	538,343	-	1,123,478
Member Costs	5	450,120	19,788	-	469,908
Staff Costs	6	37,431	268,536	-	305,967
Travel and subsistence	7	-	5,779	-	5,779
Capacity Building	7	97,584	15,057	-	112,641
ICT convergence	7	-	73,158	-	73,158
Audit fee	7	-	6,000	-	6,000
Running costs	7	-	8,629	-	8,629
Other expenses	7	-	13,080	-	13,080
Depreciation	7	-	7,558	-	7,558
Legal and professional fees	7	-	19,742	-	19,742
Advertising and marketing	7	-	50,311	-	50,311
Branding and signage	7	-	20,474	-	20,474
Total Expenditure		585,135	508,111	-	1,093,246
Surplus on the provision of services		-	30,232	-	30,232

Derry and Strabane District Council
Financial Statements

For the period ended 31st March 2015

	2014/15
3 Income from Predecessor Councils	£
Derry City Council	392,990
Strabane District Council	145,353
	<hr/> 538,343 <hr/>
	2014/15
4 Government Grants	£
Member Costs	450,120
Capacity Building	97,584
Change management	37,431
	<hr/> 585,135 <hr/>
	2014/15
5 Members Costs	£
Members basic allowances	329,992
Presiding and Deputy Presiding Councillor's allowances	4,375
Special responsibility allowances	49,097
Dependents' carers allowances	660
Employer costs	66,193
Mileage	18,167
Travel and Subsistence costs	1,244
Miscellaneous costs	180
	<hr/> 469,908 <hr/>
	2014/15
6 Staff Costs	£
Gross salaries	234,992
Employer's national insurance	23,976
Employer's superannuation	46,998
	<hr/> 305,967 <hr/>

Derry and Strabane District Council
Financial Statements

For the period ended 31st March 2015

	2014/15
	FTE
Total Staff Numbers	6
	Actual Numbers
Full-time numbers employed	8
	8
	2014/15
	Actual Numbers
Senior Employee's Remuneration	
£50,001 to £60,000	2
£60,001 to £70,000	-
£70,001 to £80,000	2
£80,001 to £90,000	-
£90,001 to £100,000	1
£100,001 to £110,000	-
£110,001 to £120,000	-
£120,001 to £130,000	-
	5
	2014/15
7 Other Expenditure	£
Travel and subsistence	5,779
Capacity Building	112,641
ICT convergence	73,158
Audit fee	6,000
Running costs	8,629
Other expenses	13,080
Depreciation	7,558
Legal and professional fees	19,742
Advertising and marketing	50,311
Branding and signage	20,474
	317,371

Derry and Strabane District Council
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For the period ended 31st March 2015

	Property, Plant and Equipment £	Property under construction	Total £
8 Long Term Assets			
Opening Cost at 26th May 2014	-	-	-
Additions	37,790	-	37,790
Closing Cost at 31st March 2015	37,790	-	37,790
Opening Accumulated Depreciation at 26th May 2014	-	-	-
Charge for the year	7,558	-	7,558
Closing Accumulated Depreciation at 31st March 2015	7,558	-	7,558
Closing Net Book Value at 31st March 2015	30,232	-	30,232

The additions above relate to a new telephony system and building control software.

	31st March 2015 £
9 Short Term Debtors	
Government Departments	137,807
Predecessor Councils	538,343
	676,150

	31st March 2015 £
10 Cash and Cash Equivalents	
The balance of Cash and Cash Equivalents is made up of the following elements:	
Cash and Bank Balance	-
Bank Overdraft	-
	-

There are no cash and cash equivalents as all income and expenditure was processed through the lead council bank account.

	31st March 2015 £
11 Short Term Creditors	
Predecessor Councils	505,239
Accruals	13,201
Trade creditors	157,710
	676,150

Derry and Strabane District Council
Financial Statements

For the period ended 31st March 2015

12 Reserves	Usable reserves	Unusable reserves		Total £
	General fund £	Capital adjustment account £	Accumulated Absences Reserve £	
Opening reserve balances at 26th May 2014	-	-	-	-
Surplus on the provision of services	30,232	-	-	30,232
Adjustment for depreciation of fixed assets	7,558	(7,558)	-	-
Revenue Financing of Capital Expenditure Capitalisation Direction/ REFCUS	(37,790)	37,790	-	-
Accumulated Absences	-	-	-	-
Adjustment between Accounting and Funding basis	(30,232)	30,232	-	-
Closing reserve balances at 31st March 2015	-	30,232	-	30,232

Derry and Strabane District Council
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For the period ended 31st March 2015

13 Cash Flow Note	2014/15
Adjustment to deficit on the provision of services for non cash movements	
	£
Depreciation	7,558
Increase in debtors	(676,150)
Increase in creditors	676,150
Total adjustments for non cash movements	7,558
	2014/15
Cash flows from operating activities include:	£
Interest received	-
Interest paid	-
	2014/15
Cash flows from investing activities	£
Purchase of fixed assets	(37,790)
Total adjustments for investing activities	(37,790)
	2014/15
Cash flows from financing activities	£
New loans received	-
Loan repayments	-
Total adjustments for financing activities	-

Derry and Strabane District Council

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For the period ended 31st March 2015

14 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the New Council or the Government of which it forms part.

A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the New Council and Trade Unions in the course of their normal dealings with the New Council.

In addition where the relationship with the New Council and the entity is solely that of an Agency, these are not deemed to be Related Party Transactions.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature and the amount of the transaction is as follows:

The 2 participating Councils have provided administration support to the new Council in the form of meeting facilities, office space and staff input at no charge. During 2014/15 the new Council reported income of £538,343 from participant Councils all of which was outstanding as at 19 June 2014. £505,239 was owed at 31st March 2015 to Derry City Council as the Lead Council for costs incurred by them on behalf of the new Council.

The income from participating Councils is as shown below:

	<u>2014/15</u>
	£
Derry City Council	392,990
Strabane District Council	145,353

Grant funding was received from the Department of the Environment in relation to Members allowances and costs, capacity building and change management costs. During 2014/15 this amounted to £585,135.

Derry and Strabane District Council

Financial Statements

For the period ended 31st March 2015

Accounts Authorised for the Issue Certificate

In accordance with International Accounting Standard 10, Events after the Balance Sheet Date (IAS 10) this Statement of Accounts which contains a number of minor amendments from the Accounts approved on 29th June 2015 are at today's date hereby authorised for issue.

IAS 10 sets out

- The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and
- In the event of adjustments the disclosures that should be made.

Signed


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Chief Financial Officer

Dated

16/10/15