

# AUDITED ANNUAL FINANCIAL STATEMENTS

**Belfast City Council Statutory Transition Committee**

**For the period ended 31st March 2014**

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## **Explanatory Forward**

### **Introduction**

The Belfast City Council Statutory Transition Committee was formed pursuant to the powers conferred by the Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013.

These Regulations required each new Council area to establish a Statutory Transition Committee and the Belfast City Council Statutory Transition Committee was established on 2nd July 2013 in accordance with this legislation.

The Belfast City Council Statutory Transition Committee is comprised of 60 Councillors.

For the new council namely, Belfast District Council, the Statutory Transition Committee must:

- 1) prepare a draft corporate and business plan;
- 2) prepare a draft budget; and
- 3) arrange the first meeting of the new Belfast District Council.

### **Financial Report**

The Financial Statements for the period ended 31st March 2014 have been prepared in line with The Code of Practice on Local Authority Accounting in The United Kingdom 2013/14 (the Code) and the Department of the Environment (DOE) Accounts Direction, Circular LG 19/14. It is the purpose of this forward to explain, in an easily understandable way, the financial facts in relation to the Statutory Transition Committee for this period. However, the financial statements follow approved accounting standards and are necessarily technical in parts.

The Financial Statements explain the Statutory Transition Committee's finances during the financial period ended 31st March 2014 and its financial position at the end of that period.

The following statements provide further information:

- The Movement in Reserves Statement, as set out on page 10 shows the movement in the year on the reserves held by the Statutory Transition Committee. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Statutory Transition Committee's services.
- The Comprehensive Income and Expenditure Statement, as set out on page 11, shows the income earned and the expenditure incurred during the period by the Statutory Transition Committee in accordance with generally accepted accounting practices. This includes details of funding received from Government bodies and participating Councils, together with details of administrative expenditure incurred by the Statutory Transition Committee.
- The Balance Sheet, as set out on page 12, shows the value as at the Balance Sheet date of the Statutory Transition Committee's assets and liabilities. The net assets of the Statutory Transition Committee (assets less liabilities) are matched by the reserves held by the Statutory Transition Committee.

## **Belfast City Council Statutory Transition Committee**

### **Financial Statements**

**For the period ended 31st March 2014**

- The Cash Flow Statement, as set out on page 13, shows the changes in cash and cash equivalents of the Statutory Transition Committee during the reporting period. The statement shows how the Statutory Transition Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

For the period ended 31st March 2014 the Statutory Transition Committee accounted for grant income of £0, Council contributions of £7,950 and incurred total costs of £7,950. The financial activities of the Statutory Transition Committee are wholly funded by Government Bodies and the participating Councils, therefore resulting in a £nil surplus/deficit for the period.

#### **Legislative Context for Preparation and Audit of the Financial Statements**

Section 15(8)(a) of the Local Government (Miscellaneous Provisions) Act (NI) 2010 provides that a Statutory Transition Committee is a local government body for the purposes of Part 2 of the Local Government (NI) Order 2005. The Local Government (Northern Ireland) Order 2005, Article 3, provides that:

The accounts of every local authority government body shall be :

- a) made up to the end of each financial year; and
- b) audited in accordance with Part 2 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 issue regulations as to accounts and audit. In this regard the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 were made on 7 March 2006.

The Accounts Direction, issued by the Department of the Environment under Regulation 4 of the Local Government (Accounts and Audit) Regulations 2006 requires the Statutory Transition Committee to prepare accounts. These Financial Statements cover the period from 2nd July 2013 to 31st March 2014 and have been prepared in compliance with the Direction.

**Statement of the Statutory Transition Committee's and the Chief Financial Officer's responsibilities for the Statement of Accounts**

**The Statutory Transition Committee'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 Financial Officer.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Statutory Transition Committee is required by resolution to approve the accounts.

These accounts were approved by the Chief Financial Officer of the Belfast District Council on 23rd June 2014.

**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 Statutory Transition Committee'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;
- 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.

## **Governance Statement**

### **Introduction**

According to the Regulations, the primary role of the Belfast Statutory Transition Committee was to undertake preparatory duties to inform the key decisions of the new incoming Council following local government elections in May 2014.

The Belfast Statutory Transition Committee 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 Belfast Statutory Transition Committee 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, the Belfast Statutory Transition Committee 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.

The Belfast Statutory Transition Committee is required to prepare an Annual Governance Statement, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. This statement explains how the Belfast Statutory Transition Committee meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

### **The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values, by which the Belfast Statutory Transition Committee is directed and controlled and the activities through which the Belfast Statutory Transition Committee accounts to and engages with the community. It enables the Belfast Statutory Transition Committee to monitor the delivery of its key functions, the achievement of its key tasks and the completion of the agreed programme of work.

The governance framework has been in place for the financial period ended 31st March 2014 and up to the date of approval of the Financial Statements.

### **The Governance Framework**

This section provides a summary of the key elements of the systems and processes that comprise the Belfast Statutory Transition Committee's governance arrangements. The governance arrangements for the Belfast Statutory Transition Committee form part of the overall governance framework set by Belfast City Council, in its role as sole / lead Council.

The Belfast Statutory Transition Committee first met on 13th December 2013 to consider and approve the draft corporate plan and budget and related expenditure controls, in line with Department of Environment (DOE) Direction and Guidance. The Belfast Statutory Transition Committee Corporate Plan and Budget sets out; vision; values / priorities; guiding principles; functions; key tasks, schedule of meetings; operating budget; winding up arrangements; and programme plan. The key functions that the Belfast Statutory Transition Committee is required to undertake are set out within the DOE Regional Local Government Reform Implementation Plan. The Belfast Statutory Transition Committee provides the DOE with bi-monthly progress update reports on delivery against the Regional Implementation Plan.

The Belfast Statutory Transition Committee are responsible for complying with the overall governance framework and system of internal controls of Belfast City Council.

**Review of effectiveness**

The Belfast Statutory Transition Committee has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control. As the Belfast Statutory Transition Committee operates within the overall governance framework of Belfast City Council, the Belfast Statutory Transition Committee relies on the annual review of effectiveness that was undertaken by Belfast City Council. This review is reported within the Council's Annual Governance Statement and comprises of consideration of the Council's Assurance Framework; the annual review and update of the Code of Governance; comments or recommendations made by the Local Government Auditor; and the Acting Head of Audit Governance and Risk Services (AGRS) annual assurance statement for the year end March 2014 which gives an opinion on the Council's risk and control environment.

The Belfast Statutory Transition Committee is responsible for compliance with the Council's governance framework and system of internal controls. Regular meetings, policy documents and periodic progress reports enabled the Statutory Transition Committee to examine and evaluate the progress made and address issues affecting the implementation of the Belfast Statutory Transition Committee Corporate Plan.

In producing this statement, full regard has been made to Belfast City Council's Corporate Risk Register and to the Annual Assurance Statements provided by each Chief Officer and the Town Solicitor to the Chief Executive for the period ended 31st March 2014.

Belfast City Council undertook an annual review of the effectiveness of Internal Audit against the Public Sector Internal Audit Standards which came into effect on 1 April 2013. This review proved satisfactory.

Significant governance issues

There were no significant governance issues noted

Signature R. Cress  
Chief Financial Officer

Date 24/10/14

Signature Daide Henehy  
Presiding Councillor of Belfast District Council

Date 24/10/14



**Certificate of the Chief Financial Officer**

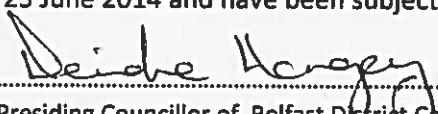
I certify that :-

- a) The Statement of Accounts for the financial period ended 31st March 2014 on pages 10 to 18 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on page 14.
  
- 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.

Signature   
Chief Financial Officer

Date 24/10/14

These accounts have been approved by resolution of the Shadow Strategic Policy and Resources Committee on 23 June 2014 and have been subject to the amendments set out on page 19

Signature   
Presiding Councillor of Belfast District Council

Date 24/10/14

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELFAST CITY COUNCIL STATUTORY TRANSITION COMMITTEE**

I have audited the financial statements of Belfast City Council Statutory Transition Committee for the year ended 31 March 2014 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 financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Belfast City Council Statutory Transition Committee in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities.

### **Respective responsibilities of the Chief Financial Officer and the independent auditor**

As explained more fully in the Statement of Belfast City Council Statutory Transition Committee's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the financial statements 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 Belfast City Council Statutory Transition Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Belfast City Council Statutory Transition Committee 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 Belfast City Council Statutory Transition Committee as at 31 March 2014 and its income and expenditure for the year 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 year ended 31 March 2014 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 Annual Governance Statement:
  - does not comply with proper practices specified by the Department of the Environment;
  - 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 the Belfast City Council Statutory Transition Committee 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*

31 October 2014

**Movement in Reserves Statement**

	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£	£	£
At 2nd July 2013	0	0	0
<b>Movement in reserves during the year</b>			
Surplus or deficit on provision of services	0	0	0
Other Comprehensive Income and Expenditure	0	0	0
At 31st March 2014	<u>0</u>	<u>0</u>	<u>0</u>

**Comprehensive Income and Expenditure Statement**

	Notes	2013/14 £
<b>Income</b>		
Participating Councils	3	7,950
Government Grant	4	0
Staff Costs	5	<u>0</u>
Running Costs		4,450
Capacity Building		0
Election Expenditure		0
Audit Fee	6	3,500
Other Expenses		0
<b>Total Expenditure</b>		<u><u>7,950</u></u>
Surplus / (Deficit) on the provision of Services		<u>0</u>
Other Comprehensive Income and Expenditure		0
<b>Total Comprehensive Income and Expenditure</b>		<u><u>0</u></u>

**Balance Sheet**

	<b>Notes</b>	<b>2014</b>
		<b>£</b>
Short Term Debtors	7	3,500
Cash and Cash Equivalents	8	0
<b>Current Assets</b>		<b>3,500</b>
Short Term Creditors	9	3,500
<b>Current Liabilities</b>		<b>3,500</b>
<b>Net Assets</b>		<b>0</b>
Usable Reserves		0
Unusable Reserves		0
<b>Net Worth</b>		<b>0</b>

**Cash Flow Statement**

	Notes	2013/14
		£
<b>Net (surplus) or deficit on the provision of services</b>		0
<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing</b>	8	0
<b>Net Cash Flows from Operating Activities</b>		<u>0</u>
<b>Net Cash Flows from Investing Activities</b>		0
<b>Net Cash Flows from Financing Activities</b>		0
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>0</u>
<b>Cash and Cash Equivalents at the beginning of the reporting period</b>		0
<b>Cash and Cash Equivalents at the end of the reporting period</b>		<u><u>0</u></u>

**1 Accounting Policies**

**General Principles**

The Financial Statements summarise the Statutory Transition Committee's transactions for the 2013/14 financial period and its position at the end of 31st March 2014. The Statutory Transition Committee is required to prepare Financial Statements in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14 supported by International Financial Reporting Standards (IFRS).

**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 year end, estimated amounts being used where actual figures are not available.



## 2 The Segmental Report

	2013/14		
	DOE	Belfast City Council	Total
	Funding	Funding	
	£	£	£
Income from Participating Councils	0	7,950	7,950
Government Grants	0	0	0
<b>Total Income</b>	<b>0</b>	<b>7,950</b>	<b>7,950</b>
<b>The Staff Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>
Running Costs	0	4,450	4,450
Capacity Building	0	0	0
Election Expenditure	0	0	0
Audit Fee	0	3,500	3,500
Other Expenses	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>7,950</b>	<b>7,950</b>
	<b>0</b>	<b>0</b>	<b>0</b>

**Belfast City Council Statutory Transition Committee**

**Financial Statements**

**For the period ended 31st March 2014**

<b>3</b>	<b>Income from Participating Councils</b>	<b>2013/14</b>
		£
	Belfast City Council Funding	7,950
		0
		0
		0
		<hr/>
		<b>7,950</b> <hr/>

<b>4</b>	<b>Government Grants</b>	<b>2013/14</b>
		£
	The running costs and Income from participating councils were both reduced by	
	Change Manager Funding	0
	Member/Staff Capacity Building	0
		<hr/>
		<b>0</b> <hr/>

<b>5</b>	<b>Staff Costs</b>	<b>2013/14</b>
		£
	Salaries	0
	National Insurance	0
	Pension Costs	0
	Agency Staff Costs	0
		<hr/>
		<b>0</b> <hr/>

		<b>2013/14</b>
		FTE
	Total Staff Numbers	0

		<b>Actual Numbers</b>
	Full-time numbers employed	0
	Part-time numbers employed	0
	Agency Staff numbers	0
		<hr/>
		<b>0</b> <hr/>

<b>6</b>	<b>External Audit Fees</b>	<b>2013/14</b>
		£
	External Audit Fees	3,500
	Other Fees	0
		<hr/>
		<b>3,500</b> <hr/>

**Belfast City Council Statutory Transition Committee****Financial Statements****For the period ended 31st March 2014**

<b>7 Short Term Debtors</b>	<b>2014</b>
	<b>£</b>
Government Departments	0
Councils	0
Prepayments	3,500
	<hr/>
	<b>3,500</b>

The Statutory Transition Committee does not have a bank account. All financial transactions are administered by Belfast City Council. £3,500 represents the amount due to the Belfast City Council as at 31st March 2014.

<b>8 Cash Flow Note – Analysis of Adjustments to Surplus/Deficit on the Provision of Services</b>	<b>2013/14</b>
	<b>£</b>
(Increase) / decrease in debtors	(3,500)
Increase / (decrease) in creditors	3,500
	<hr/>
Cash and Cash Equivalents	<b>0</b>

<b>9 Short Term Creditors</b>	<b>2014</b>
	<b>£</b>
Councils	0
Receipts in Advance	0
Accruals	3,500
Other	0
	<hr/>
	<b>3,500</b>

**10 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 Joint Committee 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 Joint Committee and Trade Unions in the course of their normal dealings with the Joint Committee.

In addition where the relationship with the Statutory Transition Committee 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:

During the 2013/14 year Belfast City Council provided services to the Statutory Transition Committee at no cost. This would have included administrative support, use of council premises, provision of training and capacity building, equipment and mileage for attending meetings.

**Accounts Authorised for 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 23rd June 2014 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.

**Material Amendments made:**

The running costs and Income from participating councils were both reduced by £2,800 as a result of prepayments for insurance. There is no impact on the General Fund balance.

Signed

  
.....  
Chief Financial Officer

Dated

24/10/14