

Audit, Governance and Standards Committee

18 September 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Audited Statement of Accounts 2016/17

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Head of Service	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	N/A

This report makes the following recommendations to this Committee:

1. That the external auditor's Audit Findings Report, attached at **Appendix A** is noted.
2. That the audited statement of accounts attached at **Appendix B** is approved.
3. That the Letter of Representation attached at **Appendix C** is approved.
4. That the proposed approach to signing off future financial statements, as detailed at paragraph 2.11, is noted.

This report relates to the following corporate priorities:

The Statement of Accounts shows how the council has managed its resources over the previous financial year. Effective financial management is integral to ensuring that value for money is achieved in the delivery of the council's priorities.

Timetable

Meeting	Date
Audit, Governance and Standards Committee	18 September 2017

Audit, Governance and Standards Committee

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The council is required to have its audited Statement of Accounts approved by the Audit, Governance and Standards Committee by 30 September in accordance with the Accounts & Audit Regulations. The audited version of the Statement proposed for approval at this meeting is attached at Appendix B.
 - 1.2 The external auditor intends to issue an unqualified opinion on the 2016/17 Statement of Accounts, and an unqualified Value for Money conclusion. Auditing standards require external auditors to report the findings of their work to those charged with governance, i.e. the Audit, Governance and Standards Committee. The Audit Findings Report attached at Appendix A enables the committee to consider and formally approve the Statement of Accounts with the benefit of this information, and also allows the external auditor to take into account any comments from the committee prior to issuing the audit opinion. Representatives from Grant Thornton will be in attendance at the meeting to present their report and respond to questions.
 - 1.3 The Committee is also asked to consider and approve the Letter of Representation attached at Appendix C as part of the approval of the 2016/17 Statement of Accounts.
 - 1.4 This report also notifies the committee of changes to the timetable for submission and audit of the Statement of Accounts effective from 2017/18, and details how this will impact on the approval process.
-

2. INTRODUCTION AND BACKGROUND

Statement of Accounts and Audit Findings Report

- 2.1 The draft (un-audited) Statement of Accounts was reviewed at the previous meeting of this committee on 26 June 2017. Although there was no statutory requirement for the committee to consider it at that point, this gave committee members the opportunity to review the draft accounts submitted for audit in advance of being asked to formally approve the final version.
- 2.2 External audit work is now substantially complete, and findings have been summarised within the Audit Findings report attached at Appendix A. Amendments identified and agreed during the course of the audit have been summarised on page 18 of this report. The amendments generally concern the presentation and clarity of the statements, and disclosures made in the supporting notes to the main financial statements. There have not been any changes which impact upon the council's General Fund balance at 31st March 2017.

- 2.3 The report makes one recommendation on page 28, concerning record keeping for plant and equipment and this has been accepted by officers. The final version of the accounts at Appendix B incorporates the amendments to the draft Statement of Account which were agreed with the auditor during the course of the audit.
- 2.4 The Audit Findings Report also includes a review of Value for Money, and concludes that in all significant respects the Council has put in place proper arrangements to secure value for money in its use of resources for the year ending 31st March 2017.

Letter of Representation

- 2.5 The Letter of Representation attached at Appendix C is written from the Council to the external auditor and will be signed by the Director of Finance and Business Improvement.
- 2.6 This is provided for the purpose of expressing an opinion as to whether the Statement of Accounts gives a true and fair view in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.
- 2.7 The letter confirms that the Council has fulfilled its responsibilities and provided the external auditor with access to all information of relevance to the financial statements audit including records, documentation and other matters.
- 2.8 The letter also confirms that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. The appropriateness of this statement is evidenced by the fact that all services have full revenue budget provision for 2017/18 onwards and the capital programme, asset management plan and medium term financial strategy for 2017/18 onwards consider only service efficiencies and growth in corporate or service objectives.

Changes from 2017/18

- 2.9 Changes to Local Audit Regulations associated with the Local Audit and Accountability Act mean that from 2017/18, the timetable for preparing and approving the accounts has been brought forward.
- 2.10 The implications of this are that from next year, the deadline for producing the draft accounts will be 31 May (currently 30 June), with an audit deadline of 31 July (currently 30 September). The committee will be asked to formally approve the audited version of the accounts at its July meeting. However, the calendar of meetings and the reduced timeframe mean that it will be impractical to present a draft version of the statement prior to 31 May.
- 2.11 The proposed approach to accommodating the changes is therefore to present the final accounts to the committee in July only. It is not a legal requirement for the committee to review the draft accounts before they are

presented for audit, although the draft accounts will be available on the website and for inspection by the public from 31 May. The committee is asked to note this proposal.

3. AVAILABLE OPTIONS

- 3.1 The formal approval of the Statement of Accounts is a statutory requirement and therefore there are no alternative options.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

Audit Findings Report & Statement of Accounts

- 4.1 That the committee notes the Audit Findings Report and approves the Statement of Accounts and Letter of Representation so that the audit opinion can be issued by the statutory deadline.
-

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 The process for approving the accounts is as follows:
- a) The submission of the Audit Findings Report and the Letter of Representation to the Audit, Governance and Standards Committee; and
 - b) Taking into account any comments by the Committee, the issue of the audit opinion by the external auditor.

The above issues must be addressed by 30 September 2017.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Production of the annual Statement of Accounts which is free from material or significant error is a key element of the annual external assessment process. It is therefore important that the statement of accounts meets this requirement.	Director of Finance & Business Improvement
Risk Management	The primary risks are that the Council fails to produce its accounts in accordance with the requirements of the	Director of Finance & Business Improvement

	Code of Practice or statutory timetable. A risk assessment has been undertaken in order to mitigate this risk.	
Financial	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2017, and details the council's assets, liabilities and reserves at this date.	Director of Finance & Business Improvement
Staffing	Not applicable	
Legal	Not applicable	
Equality Impact Needs Assessment	Not applicable	
Environmental/Sustainable Development	Not applicable	
Community Safety	Not applicable	
Human Rights Act	Not applicable	
Procurement	Not applicable	
Asset Management	Not applicable	

7. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- **Appendix A:** Audit Findings Report 2016-17
- **Appendix B:** Audited Statement of Accounts 2016-17
- **Appendix C:** Letter of Representation 2016-17

8. BACKGROUND PAPERS

Understanding Local Authority Financial Statements (CIPFA)

http://www.cipfa.org/~media/files/policy%20and%20guidance/boards/cipfa%20lasaac/understanding_lafs_v6.pdf?la=en