

**REPORT TO:** AUDIT AND GOVERNANCE COMMITTEE  
**DATE OF MEETING:** 25 JULY 2018  
**REPORT OF:** Chief Finance Officer  
**TITLE:** Statement of Accounts 2017-18

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

To seek Members' approval and adoption of the Council's Statement of Accounts for 2017-18.

**2. Recommendations:**

**It is recommended that the Audit and Governance Committee approve the audited Statement of Accounts for 2017-18.**

**3. Reasons for the recommendation:**

The publication of a Statement of Accounts is a statutory requirement. The Accounts and Audit Regulations 2015 brought forward the timetable for the closure of the accounts in respect of 2017-18 and subsequent financial years.

In England and Wales, each authority is now required to prepare its unaudited statement of accounts by 31 May and to approve and publish the audited statement of accounts by 31 July. Approval of the Council's financial statements and notes to the accounts is therefore in accordance with this new statutory deadline.

**4. What are the resource implications including non financial resources**

The audited Statement of Accounts is intended to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements, as at 31 March 2018.

**5. Section 151 Officer Comments:**

This report sets out the final financial position of the Council, as at 31 March 2018. It is to be read alongside the ISA260 audit findings report from the Council's external auditors, KPMG LLP (UK).

The draft Statement of Accounts were issued on 24 May 2018 and it is therefore pleasing to report that the accounts were delivered in accordance with the earlier statutory deadline with a only a small number of amendments and presentational changes identified during the course of the audit.

**6. What are the legal aspects?**

The Statement of Accounts has been prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2015.

The audit of the accounts has been undertaken in accordance with the statutory framework established by section 20 of the Audit and Accountability Act 2014, by the Council's external auditors, KPMG LLP (UK).

## **7. Monitoring Officer Comments:**

This report flags up no issues of concern to the Monitoring Officer.

## **8. Report Details:**

### **STATEMENT OF ACCOUNTS 2017-18**

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances.

Information contained in the Statement of Accounts will be consolidated into the Whole of Government Accounts.

### **8.1 Presentation of the Statement of Accounts**

The Code of Practice on Local Authority Accounting provides guidance on the format and content of the Statement of Accounts and means that they have to conform to a national standard.

### **8.2 Main Changes to the Accounts**

The key accounting changes affecting the Statement of Accounts for 2017-18 are:

- **Timetable for Closure of the Accounts**

The Accounts and Audit Regulations 2015 brought forward the timetable for the closure of the accounts in respect of 2017-18 and subsequent financial years.

In England and Wales, each authority is now required to prepare its unaudited statement of accounts by 31 May and to approve and publish the audited statement of accounts by 31 July. Alongside these deadlines, the period for the public inspection of the accounts must include the first 10 working days of June and run for a period of 30 working days.

It was recognised that the new deadlines would be a significant challenge as it requires the Statement of Accounts to be audited and published a full two months earlier than previous statutory deadlines. In readiness of this change, the Finance Team undertook a successful 'dry run' for achieving earlier closedown in 2016-17, publishing the unaudited accounts by 25 June 2017. The same tested approach was therefore adopted for 2017-18, which resulted in the unaudited accounts being published on 24 June 2018, ahead of the statutory deadline.

- **Accounting Standards**

There were no significant changes to accounting standards introduced in the 2017-18 Code of Practice on Local Authority Accounting.

- **Retrospective Restatement**

During the process of closing the 2017-18 accounts it was identified that a £4.1m lease premium was incorrectly recognised in the 2016-17 accounts in respect of

granting a 150 year lease. The lease was not completed until 4 April 2017 and therefore should have been properly recognised in 2017-18 in accordance with accrual based accounting (accounted for in the year activity takes places).

In order to deal with this timing issue, the prior period figures have been corrected retrospectively by amending the opening balances and comparative amounts for 2016-17. A Prior Period Restatement note is included in the Statement of Accounts (Note 8), which sets out the impact on the accounts.

### 8.3 Audit Findings

At the time of writing, our external auditors anticipate issuing an unqualified audit opinion on the Authority's financial statements and their findings are as follows:

- **Material Misstatements**

No material misstatements were identified during the course of the audit.

- **Audit Adjustments**

A number of audit adjustments were identified and corrected as follows;

- A £10m loan from another local authority, which is due to mature in December 2019, has been reclassified from short-term borrowing to long-term borrowing, as it will be in place for over 12 months from the reporting date.
- Note 31. Members Allowances has been updated to include the allowances paid to the Mayor and Deputy Mayor, as these roles are undertaken by elected members.
- Note 32. Officer Remuneration has been updated to include payments made to the Returning Officer, as this role is undertaken by a senior officer.
- Note 38. Operating Leases has been updated in respect rental income receivable under non-cancellable leases. The disclosure note has previously provided the income due in the forthcoming financial year, but has been expanded to provide income receivable for all future years based upon leases granted at the reporting date.
- Note 2 to the Collection Fund incorrectly provided the business rate multiplier rates for 2018-19. These have been amended to the rates applicable for 2017-18.

- **Presentational**

A number of presentational issues were identified, which included:

- Adding the number of union representatives in the Narrative Report, in accordance with Trade Union (Facility Time Publication Requirements) Regulations 2017.
- The Statement of Responsibilities has been updated to include an assessment of the Authority's ability to continue as a going concern.
- Note 17. The revaluations note has been updated to better present how the carrying values of property, plant and equipment derive from the 5 year rolling revaluation programme.

Overall, the amendments to date have had no impact on either the General Fund balance or the Housing Revenue Account balance, which remain as reported to Council. The overall financial performance of the Council for 2017-18 was reported to Executive on 10 July 2018 and to Council on 24 July 2018.

### 9. How does the decision contribute to the Council's Corporate Plan?

The Statement of Accounts set out the financial position at the end of the 2017-18 and the transactions of the Council during 2017-18, both of which help underpin delivery of the Corporate Plan.

**10. What risks are there and how can they be reduced?**

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. There is also a risk of failing to implement key accounting changes in accordance with approved accounting standards, but this is mitigated by the external audit of the Statement of Accounts.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

No impact

**12. Are there any other options?**

No

**Chief Finance Officer**

**Local Government (Access to Information) Act 1972 (as amended)  
Background papers used in compiling this report:**

None

Contact for enquiries:  
Democratic Services (Committees)  
Room 2.3  
(01392) 265275