

Report of	Meeting	Date
Chief Finance Officer	Governance Committee	21 June 2017

## DRAFT STATEMENT OF ACCOUNTS 2016/17

### PURPOSE OF REPORT

1. To present the draft Statement of Accounts (SOA) for 2016/17 before they are signed and authorised for issue by the Chief Finance Officer. This has to be done before the end of June 2017.
2. To advise about the process leading up to the formal submission of the SOA for approval by Members following the completion of the external audit.
3. To advise Members about the statutory requirements arising from the Accounts and Audit Regulations 2015.

### RECOMMENDATION(S)

4. That the report be noted.

### EXECUTIVE SUMMARY OF REPORT

5. This report advises about the statutory requirements for signature, audit, inspection and publication of the accounts. The statement is currently an unsigned draft, which may be subject to change before being signed and made available to the External Auditor. The current version of the document does not include the Annual Governance Statement, which will be added at a later date.
6. The Accounts and Audit Regulations 2015 came into force on 1 April 2015. The main impact of the 2015 Regulations is that changes to the year-end closedown process and external audit arrangements will be required to enable the Council's audited accounts to be published 2 months earlier than they are currently. This deadline applies from 2017/18 onwards, 2016/17 being the last transition year.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	√

## BACKGROUND

8. This report explains the Council's year-end financial position as presented in the Statement of Accounts for 2016/17. It does not make detailed comparisons between actual revenue and capital expenditure compared to budgeted expenditure for 2016/17. Budget monitoring reports have been presented to Executive Cabinet throughout the year, and the provisional outturn report for 2016/17 is to be submitted to the meeting of 22 June 2016.
9. As reported to the Governance Committee meeting of 22 March 2017, the Code of Practice for 2016 introduced the new Expenditure and Funding Analysis note, which is presented prominently in the Statement of Accounts before the Comprehensive Income and Expenditure Statement. This note presents outturn figures by directorate, which is the format presented for budget monitoring purposes. Figures for 2015/16 have been presented according to the management structure implemented in 2016/17 to enable a comparison between the two years.
10. Figures in the draft SOA have been prepared on the assumption that a number of recommendations will be approved, in particular in respect of transfers to earmarked reserves, and the financing of the capital programme.

## ACCOUNTS AND AUDIT REGULATIONS 2015

11. The Accounts and Audit Regulations 2015 came into force on 1 April 2015. They contain provisions on financial management, annual accounts, internal control and audit procedures affecting all local authorities and a number of other local public bodies.
12. The 2015 Regulations revoked the Accounts and Audit (England) Regulations 2011 (and related adjusting amendments). The 2016/17 Statement is the final one prepared subject to the transitional arrangements of the 2015 Regulations.
13. The 2015 regulations have brought forward significantly the timetable for the closure of Accounts, as follows;
  - the Responsible Financial Officer (RFO) must certify the presentation of the accounts by 31 May, and the accounts will be open for public inspection from 1 June).
  - the annual accounts (including Annual Governance Statement) must be published with the audit opinion and certificate, and before that must have been approved by members, by no later than 31 July.
  - the RFO must re-certify the presentation of the annual accounts before Member approval is given.
14. The 2015 Regulations made transitional provisions for the Statement of Accounts relating to financial years 2015/16 and 2016/17, with continuation of the current 30 September deadline for publication of audited accounts. Sign off by the RFO also remained at 30 June for 2015/16 and 2016/17.
15. The 2015 Regulations require that the RFO must ensure that the period for the exercise of public rights includes the first 10 working days of June of the financial year immediately

following the end of the financial year being reported (transitional arrangements allow for this period to relate to the first 10 working days of July for reporting on the 2016/17 financial year). The period for the exercise of public rights (which will include rights of objection, inspection and questioning of the external auditor) may only be exercised within a 30 day period. During the period for the exercise of public rights the Council must make all relevant documents available for public inspection.

16. Anyone can ask questions about the accounts, but only local electors can ask questions formally. Questions must be submitted in writing to the External Auditor's regional office, the address of which is as follows: **Grant Thornton LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB.**
17. Regulation 15(2) states that the RFO must publish all the following before the public inspection period can begin:
  - the Statement of Accounts, signed and dated by the RFO;
  - a declaration signed by the RFO stating that the statement of accounts is unaudited and may be subject to change;
  - the Annual Governance Statement;
  - the narrative statement; and
  - a statement which sets out the requirements of Regulation 15(2)(b) (these include: the period during which electors may exercise their rights; how electors should exercise their rights; the name and address of the local auditor; and the provisions in sections 26 and 27 of the Act on inspection of documents and the right to make objections at audit).

The Regulations no longer require Councils to give notice by advertisement of the public inspection period. The requirement is to "publish (which must include publication on the authority's website)".

## **PROGRESS IN ACHIEVING EARLY CLOSURE**

18. In order to achieve the earlier statutory deadlines which apply in respect of the 2017/18 Statement of Accounts and audit, a review and streamlining of the year-end closedown process, including the external audit arrangements, was required. This was necessary to ensure that the Council's audited accounts could be published two months earlier than they are at present.
19. The accounts closure timetable for 2016/17 set deadlines which should have ensured that the Statement of Accounts was available for certification by the Responsible Financial Officer by 31 May 2017. Though considerable progress was made towards achieving this deadline, especially when compared to preparation of the statements for 2014/15 and 2015/16, the target was not met. Nearly all of the Statement was completed before the end of May, but the Cash Flow Statement and its notes were not completed until early June. The overall Statement was finalised on 12 June 2017.
20. The reasons for slippage against the timetable will be reviewed with the objective of improving processes in 2017/18. Details of specific areas for improvement will be reported when the audited Statement of Accounts is presented for approval in September.

## **MEMBER LEARNING HOUR**

21. Before the audited Statement of Accounts is presented to the September meeting of Governance Committee for approval, training on the content of the statement, including explanation of significant variances between financial years, will be offered. This should

give Members the opportunity of asking questions about the statement in an informal situation.

## IMPLICATIONS OF REPORT

22. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## COMMENTS OF THE STATUTORY FINANCE OFFICER

23. The draft Statement of Accounts 2016/17 has been prepared in compliance with relevant accounting standards and codes of practice.

## COMMENTS OF THE MONITORING OFFICER

24. The Monitoring Officer has no comments.

GARY HALL  
CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

Background Papers			
Document	Date	File	Place of Inspection
The Accounts and Audit Regulations 2015	12 February 2015	Electronic document	Town Hall

Report Author	Ext	Date	Doc ID
Michael Jackson	5490	12 June 2017	SOA 2016-17 Report June Governance.docx