

Report of	Meeting	Date
Chief Finance Officer	Governance Committee	30 May 2018

## **DRAFT STATEMENT OF ACCOUNTS 2017/18**

### **PURPOSE OF REPORT**

1. To present the draft Statement of Accounts (SOA) for 2017/18 before they are signed and authorised for issue by the Chief Finance Officer. This has to be done before the end of May 2018.
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.
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:
  - a. unaudited accounts to be uploaded onto the council's website by 31<sup>st</sup> May 2018
  - b. audited accounts to be published on the council's website by 31<sup>st</sup> July 2018

<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 2017/18. It does not make detailed comparisons between actual revenue and capital expenditure compared to budgeted expenditure for 2017/18. Budget monitoring reports have been presented to Executive Cabinet throughout the year, and the provisional outturn report for 2017/18 is to be submitted to the meeting of 21 June 2018.
9. 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 general and earmarked reserves, and the financing of the capital programme.

## ACCOUNTS AND AUDIT REGULATIONS 2015

10. 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.
11. The 2015 Regulations revoked the Accounts and Audit (England) Regulations 2011 (and related adjusting amendments). 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.
12. 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. 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.
13. The Regulations no longer require councils to give notice by advertisement of the public inspection period. However the council has uploaded on to the website the notice of electors rights namely:

NOTICE is given that from 1st June to 12th July 2018 between 9.00am and 4.45pm Mondays to Fridays, any person interested may on reasonable notice inspect and make copies of the accounts of the above named Council for the year ended 31 March 2018

14. 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.**

15. 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).

## **PROGRESS IN ACHIEVING EARLY CLOSURE**

16. The draft statement of accounts is complete, however officers are using the remaining time before the publication deadline to carry out further checks and therefore the final draft to be uploaded to the website may contain minor changes. The council will meet its statutory requirement to publish the draft accounts on its website by 31<sup>st</sup> May 2018.
17. Building on last year's improvements to the closure process the finance team has been able to complete the draft statement of accounts well within the statutory deadline. The entire finance team continue to share the necessary tasks and best practises that are integral for the prompt closure of accounts. Valuations from the District Value were received on time and responses to queries dealt with quickly. The knowledge of the closure process improves year-on-year and the culture within the team ensures that these processes continue to be improved.
18. This work was not completed in isolation and support from other services includes Performance and Partnerships, Customer Services and Audit were crucial in completing the draft statement

## **PRIOR PERIOD ADJUSTMENTS**

19. The Prior Year Adjustments note in the draft statement explains the restatement of 2016/17 figures in the Cash Flow Statement and its Operating Activities note. The non-cash transaction in respect of donated assets valued at £1.162m were included within the total for investing and financing activities in the 2016/17 Cash Flow Statement and Operating Activities note. In the 2017/18 statement it has been restated into the non-cash movements total.
20. This correction to the presentation had no effect on the reported financial position or performance of the Council. The Cash Flow Statement presented the correct total for cash and cash equivalents as at 31<sup>st</sup> March 2017, and the net cash flow from Operating Activities was also correct, but the split of the latter was incorrect without affecting the total.

## **MEMBER LEARNING HOUR**

21. Before the audited Statement of Accounts is presented to the July 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 2017/18 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
James Thomson / Michael Jackson	5025 / 5490	25 May 2018	Governance Committee Report May 2018.docx