

BODY: **AUDIT AND GOVERNANCE COMMITTEE**
DATE: **20 September 2017**
SUBJECT: **Statement of Accounts 16/17**
REPORT OF: **Head of Finance**

Ward(s): All

Purpose: To agree the audited accounts for 2016/17 under powers delegated by the Council.

Decision Type Key decision

Contact: Pauline Adams, Head of Finance.
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Recommendations: Members are asked to -

- i) Approve the final accounts for 2016/17.
- ii) Note the unadjusted audit difference identified by External Audit.
- iii) Agree delegated authority to the Chief Finance Officer to make amendments to the Statement of Accounts.

1.0 Introduction

- 1.1 The Accounts and Audit Regulations 2015, the Audit Commission Act 1998, the Code of Audit Practice (issued by the Audit Commission) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code) set out the requirements for the production and publication of the annual Statement of Accounts.
- 1.2 The regulations require that an appropriate body should approve the audited Statement of Accounts after they have been certified by the Chief Financial Officer within six months of the financial year end i.e. by 30 September.
- 1.3 The draft accounts were submitted to BDO for audit on 30th June and have been available on the Council's website since that date.

2.0 Accounting Changes to the Statement of Accounts.

- 2.1 The major change to the code for 2016/17 was the introduction of a new format and reporting requirement for the Comprehensive Income and Expenditure (CI&E) and the

Movement in Reserves Statements. These statements are supported by a new Expenditure and Funding analysis and a new Income Analysed by nature note. This change is as a result of the 'Telling the Story' review for the presentation of local authority financial statements.

- 2.2 The new format for the CI&E now reflects the management structure of the organisation rather than the old style common service analysis (SeRCOP) and can now be compared to monitoring statements produced throughout the year.
- 2.3 Unfortunately this new way of reporting expenditure and income is not reflected in the various government returns, which are still based on SeRCOP requirements, as this allows data to be collected from all authorities in a consistent reporting structure.

3.0 Audit of Accounts

- 3.1 BDO has now issued the draft ISA260 Annual Governance Report which is included as a separate report to this committee.
- 3.2 BDO has indicated that subject to satisfactory completion of the outstanding work it is anticipated that an unmodified audit opinion on both this Council's accounting statements and the group accounting statements will be issued. The opinion is expected to be given before the statutory deadline of 30 September.

4.0 Key issues arising from the audit.

- 4.1 A full list of all the major corrected audit differences is given in the body and at appendix II of BDO's Report. There have been no material misstatements identified during the audit.
- 4.2 The only unadjusted audit difference relates to an overestimated expenditure accrual included in the 2015/16 accounts. The accrual of £98,005 was raised based on best knowledge available as at 31.3.16, the final agreed invoice of £45,591.67 was not received until August 2016 and resulted in a difference of £52,413.33. Due to the timing of the final invoice the 2015/16 accounts were not amended and this amount was considered to be immaterial. The overall effect of this was to overstate 2015/16 expenditure by £52,413.33 and understate the 2016/17 expenditure
- 4.3 There were no significant deficiencies in the Control Environment for 2016/17. However BDO identified four other deficiencies, full details of the observations, implications, recommendations and management responses are given at appendix III of BDO's annual governance report.

5.0 Conclusions

- 5.1** The changes identified to the draft 2016/17 Statement of Accounts, issued in June have been of an accounting technical nature and have had no effect on the overall balances of the Council.
- 5.2** An unmodified audit opinion is expected to be issued by 30 September by BDO.
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Background Papers:

The Background Papers used in compiling this report were as follows:

Final Accounts working papers 2016/17
BDO Annual Governance Report 2016/17
