

Report to: Audit Committee

Date of meeting: 29 June 2017

Report of: Bob Watson - Head of Finance (shared services)

Title: Draft Annual Statement of Accounts 2016/17

1.0 **SUMMARY**

1.1 This report allows the Committee to review the draft Statement of Accounts for 2016/17 in advance of official sign-off of the audited version at Audit Committee in September.

2.0 **RECOMMENDATIONS**

2.1 That the Committee seeks any clarification it needs concerning the draft Statement of Accounts for 2016/17, concerning the content and the processes followed in the compilation of the statement.

2.2 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate.

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Report approved by: Bob Watson, Head of Finance

3.0 **DETAILS**

- 3.1 The Accounts and Audit (England) Regulations 2011 introduced a more sensible approach to the auditing and approving of the annual statement of accounts. Audit Committee no longer has a responsibility for approving the pre-audit Statement before 30 June each year; this responsibility is that of the senior financial officer in the council, being the Director of Finance. Audit Committee must still receive the audited Statement of Accounts and the auditor's report before the end of September. The regulations now state that whilst the accounts still have to be completed by 30 June, they are not approved by members before they have been audited. This allows amendments to be made and the auditor's report to be taken into account before final sign-off and approval.
- 3.2 The Auditor's 'Report to those charged with Governance' will be considered by the Committee on 27 September 2017.
- 3.3 The Council's draft Statement of Accounts for 2016/2017 will be circulated separately.
- 3.4 The purpose of the Statement of Accounts is to give interested parties an understanding of the Council's financial position. It also provides an opportunity to compare how the Council performed financially against its original plan published when setting the budgets in January 2016. Members are referred to the Narrative Statement in the Accounts. Please note that scrutiny of the outturn position is the responsibility of the Budget Panel and not this committee. This committee is charged with the governance around the compilation and completeness of the accounting statements.
- 3.5 The financial statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework adopted by all local government authorities. The Chartered Institute of Public Finance and Accountancy (CIPFA) produces a Code of Practice on Local Authority Accounting which reflects the statutory requirements and any specific requirements pertinent to local authorities and this has been followed in preparing the financial statements.
- 3.6 A draft Annual Governance Statement (AGS) is considered elsewhere on this agenda and will be incorporated into the Statement for final approval. This Committee also monitors progress on the system of internal control and the action plans deriving from the AGS.
- 3.7 The accounting statements summarise the cost of providing services during the year and the balances held by the Council at the 31 March 2017. Supporting information is provided in Notes to the Statements. To assist the scrutiny function of the Statement of Accounts, Members are referred to the Narrative Statement which reports the statutory accounting statements in a format that Members will be familiar with from monthly management reporting during the year.
- 3.8 This recommendation allows the Committee to ask questions about the draft Statement of Accounts for 2016/17 prior to their final approval in September.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The recommendations in this report are within the Council's agreed policy and budgets.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Accounts and Audit Regulations 2011 state the responsible financial officer of a larger relevant body must, no later than 30th June immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year.

4.3 **Equalities**

None Specific.

4.4 **Potential Risks**

There are no risks associated with the decisions members are being asked to make.

APPENDICES

Appendix 1 Draft Statement of Accounts 2016/17 (circulated separately)