

Report to: Audit Committee

Date of meeting: 26 July 2018

Report of: Head of Finance

Title: External Auditors 'Audit Results Report' and Statement of Accounts 2017/18

1.0 **SUMMARY**

1.1 This report allows the Committee to ask questions of the external auditor concerning the Audit Results Report (ARR), and to ask questions/comment on the Statement of Accounts for 2017/18.

2.0 **RECOMMENDATIONS**

2.1 That the Committee notes the external auditor's 'Audit results report.'

2.2 That the Committee seeks any clarification it needs concerning the processes involved in the production of the annual Statement of Accounts for 2017/18.

2.3 That approval of the Statement of Accounts for 2017/18 be delegated to the Audit Committee Chair and the Director of Finance, subsequent to completion of the audit.

Contact Officer:

For further information on this report please contact: -

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Report approved by: Joanne Wagstaffe Director of Finance

3.0 **DETAILS**

- 3.1 The Audit Committee at its meeting on the 15 March 2018 received the draft Audit Planning report for the Statement of Accounts for 2017/18. The Accounts are being audited by Ernst and Young LLP (EY). The accounts need to be produced and audited by end July 2018, which is two months earlier than last year.
- 3.2 The Audit results report from EY will be distributed to the Committee as soon as possible. EY will attend the meeting to present the report and answer questions.
- 3.3 The audit has identified some major changes since the Draft Statement of Accounts were put on the Council's website at the end of May. There is a separate report on these as an addendum.
- 3.4 The Council's Statement of Accounts for 2017/18 is attached at Appendix 1.
- 3.5 Due to the shorter elapsed time available the audit will be incomplete at the time of the Committee. The accounts must be signed by the Chief Financial Officer before they are approved by the Committee and, subject to approval, the Chairman of the Committee shall sign and date them. This would usually be at the meeting, but as there is further work required a request is made for these signatures to be provided on a delegated authority basis.

4.0 **KEY ISSUES AND INTERPRETATION OF THE ACCOUNTING STATEMENTS**

- 4.1 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 revised plan published when setting the 2018/21 Medium Term Financial Plan in January 2018. The Committee are referred to the Narrative Statement in the Statement of Accounts.
- 4.2 The Financial Statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework which is used by public sector bodies within the United Kingdom. The Chartered Institute of Public Finance and Accountancy (CIPFA) produce a Code of Practice on Local Authority Accounting (the 'Code') which reflects the statutory requirements and has been followed in preparing the financial statements.
- 4.3 An Annual Governance Statement (AGS) is included elsewhere on the Agenda and in the Statement of Accounts. It will be signed by the Mayor and the Managing Director as required by proper practice.
- 4.4 *Summary of Financial Position*
- 4.5 The Council's medium-term financial planning has aimed to achieve a balanced budget and a prudent level of balances. Through Watford 2020 the Council has started to renew and modernise its service delivery in order to create a bold and progressive future for Watford.

5.0 **IMPLICATIONS**

5.1 **Financial**

5.1.1 Contained in the Statement of Accounts

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 None Specific.

5.3 **Equalities**

5.3.1 None Specific.

5.4 **Potential Risks**

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

APPENDICES

1. Statement of Accounts 2017/18
2. Addendum – Major changes to the draft Statement of Accounts
3. The 'Audit results report' by our external auditors (Ernst and Young LLP)

BACKGROUND PAPERS

The Accounts and Audit (England) Regulations 2011