

 Finance and Audit Scrutiny Committee 25 September 2018		Agenda Item No. 4
Title	2017/18 Statement of Accounts	
For further information about this report please contact	Mike Snow 01926 456800	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee 24 July 2018	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	24/9/2018	Chris Elliott/Andrew Jones
Head of Service	24/9/2018	Mike Snow
CMT	24/9/2018	
Section 151 Officer	24/9/2018	Mike Snow
Monitoring Officer	24/9/2018	Andrew Jones
Finance	24/9/2018	Report from Finance
Portfolio Holder(s)	24/8/2018	Peter Whiting.
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 This report updates the Finance and Audit Scrutiny Committee on the progress of the audit of the 2017/18 Statement of Accounts.
- 1.2 The report from Grant Thornton, the Council's External Auditors is included as an appendix to this report.

2. **Recommendation**

- 2.1 Members note the position of the audit of the 2017/18 Statement of Accounts and the plan for this to be completed as soon as possible and presented to the Finance and Audit Scrutiny Committee on 30 October 2018.

3. **Reasons for the Recommendation**

- 3.1 Members were presented with a report on the Statement of Accounts and Interim Audit Findings report from the Council's external auditors in July. Within these reports it was explained how it had not been possible for the auditors to complete the audit of the Accounts by the new 31 July deadline. A plan had been produced for the audited accounts to be presented to the Finance and Audit Scrutiny Committee on 25 September.
- 3.2 The work required to correct the draft accounts has been significant. This has notably been around the Movement in Reserves Statement (MIRS) where most of the errors were to be found. Reversing the errors and producing the correct transactions has proved to be a significant undertaking. Any change within any of the Statements will have consequential impacts on other Statements and the Notes to the Accounts. In addition to any postings required to the General Ledger, the working papers need to be fully updated.
- 3.3 The accountants were aware there were errors within the MIRS in the original Statement of Accounts as at 31 May 2018 which was published on the Council's website. Consequently, it was agreed with the auditors at the outset that the accountants would spend more time correcting the MIRS prior to the auditors undertaking their work on the Statements.
- 3.4 The work in "unpicking" the MIRS and correcting it proved a lot more substantial than originally anticipated. The auditors were in regular dialogue over the progress on this work. Unfortunately, this meant that the auditors were unable to commence much of their work on reviewing the accounts. Delays were also compounded by pre-booked annual leave of accountants and auditors. As a result of this, the time available for the auditors to complete all their work ahead of this meeting has been greatly compressed.
- 3.5 At the time of righting this report, the auditors have not had sufficient time to complete all the required assurance work before signing off the accounts. This is despite the intensive working and increased hours of the auditors, and having extra resources brought in for the compressed time available. This is reflected in the Auditor's Report.
- 3.6 The auditors do not believe they will be in a position to issue an audit certificate by 30 September. More testing still needs to be carried out and working

payments reviewed. The Statements then need to be updated for the agreed changes, and will require a total review/check by the accountants before they are subsequently reviewed by the auditors. It is only then, when the auditors are content with the updated Statement of Accounts that they can issue their audit certificate.

- 3.7 Work is now progressing on the basis that the Statements of accounts will be presented in full to the Finance and Audit Scrutiny Committee on 30 October to be signed off. Plans are being agreed with the auditors to enable this, taking into account the availability of staff in each respective team.
- 3.8 As yet, the work undertaken by the accountants and auditors does not suggest that there is any material change to the revenue and capital outturn position reported to the Executive in July.
- 3.9 Once the Statement of Accounts has been finalised, the accountants will then be in a position to complete the Whole of Government Accounts return. Whilst this should not be a significant piece of work, it is required to be signed off by the auditors prior to them signing off the completion of the 2017/18 Audit. Signing off the Statement of Accounts is not dependant on this return being completed.
- 3.10 The Chief Executive is leading on the production of a report to October Executive that reviews the issues that have led to the problems with the completion of the Statement of accounts for 2017/18 and the subsequent audit thereof. As part of this, the actions needed to be carried out to ensure the successful completion of the 2018/19 audit will be identified.

4. **Policy Framework**

4.1 **Fit for the Future (FFF)**

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
The audited accounts support all strands of FFF by way of confirming how the Council is using its resources.		

Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
The audited accounts support all strands of FFF by way of confirming how the Council is using its resources.		

4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies. The 2017/18 Accounts are consistent with the relevant supporting strategies.

4.3 Changes to Existing Policies

No proposed changes to existing policies are proposed.

4.3 Impact Assessments

The Council's Final Accounts cover the community throughout the District. It is a statement of fact and officers will have considered any impact when amending their budgets.

5. Budgetary Framework

- 5.1 In the short/medium term there will be continued requirement for some interim staff to support the Accountancy Team. The precise requirements are currently being assessed. Members will be reported the likely cost within future Budget reports.

6. Risks

- 6.1 The delay to the signing off of the Statement of Accounts does not carry any specific penalty. Those authorities for which the audit has not been completed by 30 September will be included within a report published by the Public Sector Audit Appointments (PSAA). The risk is more reputational.
- 6.2 At this stage, it is not expected there will be any material errors within the accounts that would warrant the accounts to be qualified by the auditors.

7. Alternative Option(s) considered

- 7.1 This report is to update members on the progress of the audit. No alternative options are proposed.