

REPORT TO	ON
Governance Committee	26 July 2018

September 2017



TITLE	REPORT OF
Audited Statement of Accounts	Deputy Chief Executive (Resources & Transformation) /s151

Is this report confidential?	No
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1. PURPOSE OF THE REPORT

To comply with The Accounts and Audit (England) Regulations 2015, Governance Committee is required to approve the audited Statement of Accounts by 31 July 2018. This can only be done after the Committee has approved the Annual Governance Statement, reported elsewhere on this agenda, which once approved must be included within the Statement of Accounts when published.

2. RECOMMENDATIONS

That the Committee:

- 2.1 Approve the audited Statement of Accounts for 2017/18 (Appendix A), subject to any amendments which in the opinion of the Chief Financial Officer (Section 151 Officer) are minor in nature, such minor amendments to be defined as non-material to the financial position of the authority. The Chief Financial Officer will exercise this delegation in consultation with the Chair of Governance Committee. In the event the Chief Financial Officer is of the opinion the amendments are material to the financial position of the authority, Governance Committee will be reconvened to approve the new Statement of Accounts.
- 2.1 Consider and approve the Letter of Representation contained at Appendix B and authorise the Chief Financial Officer and Chair of the Committee to sign the letter.
- 2.2 Note the proposed appointment of Grant Thornton for the certification of grants for a further year in 2018/19.

3 CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	✓

4 BACKGROUND TO THE REPORT

- 4.1 Governance Committee received the unaudited Draft Statement of Accounts 2016/17 at its meeting of the 29th May 2018. Members are now presented with the audited Statement of Accounts 2017/18 for approval at Appendix A.
- 4.2 At the time of writing this report the External Auditor had yet to fully complete their audit work on the Council's Statement of Accounts for 2017/18 but expects to issue an unqualified audit opinion on those accounts. Details of the External Auditor's findings as a result of their audit will be presented in their Audit Findings Report presented elsewhere on this agenda.
- 4.3 As a result of the ongoing audit, the Statement of Accounts included at Appendix A contain the amendments identified and required by external audit as at the date of writing this report. Should the External Auditor require any further changes to the Statement of Accounts these will be presented at the Governance Committee meeting along with an amended version of the audited Statement of Accounts 2017/18 for approval and signing.
- 4.4 The changes that have been made to the accounts, presented at Appendix A, as a result of the audit were: an amendment to the Cash Flow Statement where two figures were misstated but they were compensating errors and therefore had no impact on the accounts; and the addition of an additional related party note in relation to the temporary services of the Interim Improvement Manager. There were also a number of very minor rounding and typo issues which were identified and amended during the course of the audit.

5 ACCOUNTS AND AUDIT REGULATIONS 2015

- 5.1 On conclusion of the audit, The Accounts and Audit Regulations 2015 specify the following requirements:
- 5.2 The responsible financial officer must reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the Authority at the year end, and the income and expenditure for the year before that authority approves it. Then the authority, following the conclusion of the period for the exercise of public right, and in the following order must:
 - (a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
 - (b) approve the statement of accounts by a resolution of that committee or meeting;
 - (c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.
- 5.3 An authority then must, after approving the statement of accounts, but not later than 31st July, publish (which must include publication on the authority's website).
 - (a) the statement of accounts together with any certificate or opinion, entered by the local auditor;
 - (b) the annual governance statement; and
 - (c) the narrative statement.
- 5.4 Therefore, following consideration and approval by this Committee, the Chair should sign and date the Statement of Responsibilities within the Statement of Accounts, which should also be re-certified by the Chief Financial Officer.

5.5 Once approved the Statement of Accounts will be published on the South Ribble Borough Council web site at www.southribble.gov.uk/statementofaccounts.

6 LETTER OF REPRESENTATION

- 6.1 The Letter of Representation at Appendix B is a letter issued by an auditor's client to the auditor in writing to be used as audit evidence. Audit evidence is the information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. The date of the document must not be later than the date of audit work completion. It is used to let the client's management declare in writing that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of the management's knowledge. It is prepared in accordance with International Standard on Auditing (UK and Ireland) 580. For audit evidence, it is reliable if the auditor has no other means of obtaining evidence.
- 6.2 The Chair and the Acting Chief Finance Officer should sign the Letter of Representation attached at Appendix B so that it can be issued to the External Auditor to support the audit process and their audit opinion.

7 HOUSING BENEFIT GRANT CERTIFICATION

- 7.1 The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under this Act, Public Sector Appointments Ltd (PSAA) has the power to make auditor appointments for local authority audits. As well as appointing auditors, their responsibilities include setting fees and monitoring the quality of auditors' work.
- 7.2 From 2018/19, the PSAA no longer has the power to make appointments for grant work, including Housing Benefit certification. These appointments are therefore subject to separate engagements agreed between the grant-paying body, the Council and the auditor.
- 7.3 The external audit certification of the Housing Benefit subsidy claim for 2017/18 will be undertaken by Grant Thornton for which the fee is c£7,000. With regard to the 2018/19 grant work, it is proposed that (subject to final agreement of the fee level) Grant Thornton are appointed for a further year to continuity and stability for the service during major changes in relation to the roll out of Universal Credit. The cost can be met from existing budgets.
- 7.4 This is a low value procurement but in order to ensure continued best value is achieved, a wider procurement for this service can be undertaken from 2019/20 onwards.

8 WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION

8.1 Comments of the Statutory Finance Officer

In compliance with the Accounts and Audit (England) Regulations 2015, the audited Statement of Accounts (SOAs) is attached and presented to Governance Committee for approval. I can confirm that there are no adjustments that have been made that impact on the outturn position of the Authority that was reported to Governance Committee in May 2018. The Narrative Report is included in the SOAs and this provides information on the authority, its main objectives and strategies and the principal risks that it faces. It also provides a commentary on how the authority has used its resources to achieve its desired outcomes in line with its strategic objectives and strategies.

8.2 Comments of the Monitoring Officer

This report is presented to comply with the Accounts and Audit Regulations (England) 2015 and various other Regulations and Statutory Codes of Practice.

There are no concerns from a legal perspective.

<p>Other implications:</p> <ul style="list-style-type: none"> ▶ Risk ▶ Equality & Diversity ▶ HR & Organisational Development ▶ Property & Asset Management ▶ ICT / Technology 	<p>Risk implications apply in relation to the Accounts and Audit Regulations 2015 to prepare financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.</p> <p>There are no implications for equality and diversity arising from this report.</p> <p>There are no HR & Organisational Development implications arising from this report.</p> <p>There are no Property & Asset Management implications arising from this report.</p> <p>There are no ICT / Technology implications arising from this report.</p>
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9 BACKGROUND DOCUMENTS

- Accounts and Audit (England) Regulations 2015
- Local Government Finance Act 1988, Section 114
- The Local Government and Housing Act 1989, Section 56(5)
- International Standard on Auditing (UK and Ireland) 580
- South Ribble Borough Council (unaudited) Statement of Accounts 2017/18 - Report to Governance Committee, 29th May 2018
- South Ribble Borough Council Budget Outturn Report 2017/18 - Report to Governance Committee, 29th May 2018
- Grant Thornton Audit Findings Report - Report to Governance Committee, 26th July 2018

APPENDICES

- Appendix A Statement of Accounts for South Ribble Borough Council for year ended 31 March 2018 (for approval and signing).
- Appendix B Letter of Representation 2017/18 (for approval and signing).

Helen Seechurn
Chief Finance Officer (s151)

Report Author:	Telephone:	Date:
Jane Blundell, Principal Management Accountant	5245	25/07/18