

REPORT TO	ON
Governance Committee	13 September 2017

September 2017



TITLE	REPORT OF
Audited Statement of Accounts	Acting Chief Finance Officer (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 30 September 2017. 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 consider and approve the Statement of Accounts for 2016/17 as contained at Appendix A and authorise for issue by means of their signing by the Acting Chief Finance Officer and Chair of the Committee; and
- 2.2 consider and approve the Letter of Representation contained at Appendix B and authorise the Acting Chief Financial Officer and Chair of the Committee to sign the letter.

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 28th June 2017. Members are now presented with the audited Statement of Accounts 2016/17 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 2016/17 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 2016/17 for approval and signing.

5. AUDIT FINDINGS

- 5.1 The key message expected from the Audit Findings Report relating to the accounts are that the auditor intends to issue an unqualified audit opinion on the Accounts for 2016/17.
- 5.2 At the time of writing this report the Audit Findings Report was not available. When published, the Audit Findings Report will contain details of any issues that the auditor wishes to bring to the attention of Members.
- 5.3 The changes that have been made to the accounts, presented at Appendix A, as a result of the audit include one reclassification on the Balance Sheet and Cash Flow Statement relating to a number of investments held at the financial year-end, and one reclassification within the Collection Fund relating to the use of provisions to cover Business Rates appeals. The reclassification of investments on the balance sheet required a prior period adjustment as it related to both the current and previous financial year. Prior period adjustments require an explanatory note to be provided within the Statement of Accounts in addition to a third, opening balance sheet for the prior period to give a full picture of the changes. The updated balance sheet, containing the third opening balance sheet, can be found at page 49 of the Statement of Accounts 2016/17 and the accompanying prior period adjustment note can be found on page 105 and is numbered as note 40. It must be stressed that these reclassifications have no impact on the reported financial position or financial performance of the Council. Accordingly the net assets, reserves, surplus on the provision of service and the movement in general fund balance all remain unchanged.
- 5.4 There was also one unadjusted misstatement relating to a small number of internal recharges that were not eliminated from the Comprehensive Income and Expenditure Account. Details will be provided in the Grant Thornton Audit Findings Report also on this agenda but a full review of the transactions demonstrated the value not to be material to the accounts and correction would not have changed the overall financial position of the Council, therefore no adjustment was made to the accounts.
- 5.5 Finally, a small number of minor amendments to disclosure were suggested relating to the contents of the notes to the accounts, and have been made. Once again, details will be provided within the Audit Findings Report.

6. ACCOUNTS AND AUDIT REGULATIONS 2015

- 6.1 On conclusion of the audit, The Accounts and Audit Regulations 2015 specify the following requirements:
- 6.2 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.
- 6.3 An authority then must, after approving the statement of accounts, but not later than 30th September, 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.
- 6.4 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 Acting Chief Finance Officer.
- 6.5 Once approved the Statement of Accounts will be published on the South Ribble Borough Council web site at www.southribble.gov.uk/statementofaccounts.

7. LETTER OF REPRESENTATION

- 7.1 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.
- 7.2 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.

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 impacts on the out-turn position of the Authority that was reported in June 2017. My narrative report is included in the SOAs and the financial position of the Council is set out in the Core Financial Statements which were presented to Members of Cabinet and Governance Committee in their unaudited format on 13th July 2017.

Members will be aware that the statutory deadlines for the unaudited accounts for the 2017/18 financial year will be 30th May 2017 and I can confirm that this year our unaudited SOAs was completed on 19th May 2017. I therefore have confidence that the Authority has been successful in preparing to meet this challenging new deadline.

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 2016/17 – Report to Governance Committee, 28th June 2017
- Grant Thornton Audit Findings Report - Report to Governance Committee, 13th September 2017

APPENDICES

- Appendix A Statement of Accounts for South Ribble Borough Council for year ended 31 March 2017 (for approval and signing).
- Appendix B Letter of Representation 2016/17 (for approval and signing).

Susan Guinness
Acting Chief Finance Officer (s151)

Report Author:	Telephone:	Date:
Lee Hurst, Principal Systems & Financial Accountant	5503	7 th September 2017