

**Report of the Section 151 Officer**

**AUDITED STATEMENT OF ACCOUNTS 2016-17**

**1 Purpose of report**

This report covers the presentation of the Statement of Accounts for the year ended 31 March 2017, following the audit and any subsequent amendments to the draft statement, for approval.

**2 Executive summary**

- 2.1 The draft Statement of Accounts was signed by the Section 151 Officer on 31 May 2017 and presented to this committee on 19 June 2017.
- 2.2 The auditor proposes to issue an unqualified opinion and that the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 2.3 The external auditors have a statutory requirement to report to members under the Audit Commission's Code of Audit Practice and International Standard of Auditing (UK and Ireland) (ISA(UK&I) 260) – "Communication of audit matters with those charged with governance". The report is known as the ISA 260 and is attached at Appendix C.
- 2.4 The Section 151 officers' Draft Letter of Representation is presented at Appendix A for this committee's consideration and approval.
- 2.5 A revised set of accounts is attached at Appendix D.
- 2.6 The Annual Governance Statement approved by this committee on 19 June 2017 is attached at Appendix B for information.

**3 Appendices**

- Appendix A - Section 151 Officers' Draft Letter of Representation
- Appendix B - Annual Governance Statement 2016-17
- Appendix C - External Audit Report 2016-17
- Appendix D - Audited 2016-17 Statement of Accounts

#### **4 Proposed action:**

##### **The Committee is invited to RESOLVE to:**

- 4.1** Consider the matters raised by KPMG in their report appended (Appendix C), taking note of the adjustments made in the redrafted financial statements presented (Appendix D).
- 4.2** Review the letter of representation at Appendix A and if it agrees approve the Section 151 Officer to sign on its behalf.
- 4.3** Authorise the S151 officer to approve any amendments, if required, after the Committee date and prior to the official signing of the Accounts.
- 4.4** Review KPMG's Key issues and recommendations appended to their report and monitor progress in implementing that at a future meeting.

#### **5 Background**

- 5.1** At its meeting on 19 June 2017 the audit committee received the signed set of draft accounts, subject to audit by the council's external auditors. That audit is substantially complete and their findings have been summarised and are detailed in the appendices to this report.
- 5.2** Further minor amendments to the accounts may be necessary after the committee date and the committee is asked to authorise the S151 officer to implement any further changes prior to the official signing of the accounts.

#### **6 Discussion**

- 6.1** The auditor proposes to issue an unqualified opinion, which is detailed in Appendix C.
- 6.2** The external audit of the 2016-17 accounts commenced on Monday 10 July for a period of 2 weeks. During this time KPMG had access to all of the working papers that the finance team had produced. Staff were also available to respond to queries or follow up questions as and when required.
- 6.3** The Principal Finance Manager and Accountancy Team Leader had regular review meeting with the Audit Manager to discuss the progress of the audit and review resources availability.
- 6.4** The audit of the accounts is substantially complete and the Statement of Accounts has been amended following discussions with the auditors and the required adjustments have been made. All the changes made to the Statement of Accounts since it was presented to this committee in June are included in the revised Statement of Accounts attached at Appendix D.

## **Changes from the draft financial statements**

- 6.5 There have been a small number of minor amendments to the 2016-17 statement of accounts as a result of the audit, the most significant are detailed below:
- (a) Page 17 – Inclusion of non-financial performance indicator information.
  - (b) Page 63 – Note 11 for 2015-16 and 2016-17 has been amended to separately show the income received in relation to right to buy receipts and VAT shelter.
  - (c) Page 63 – Note 12 for 2016-17 has been amended as income relating to investment property was incorrectly included in note 11.
  - (d) Page 80 – Note 31 for 2016-17 has been amended to separate out audit fees which are in addition to the scale fee.

## **7 Legal powers**

- 7.1 Regulation 7 of the Accounts and Audit Regulations 2015 requires the council to prepare a Statement of Accounts each year in accordance with proper practices. Regulation 8 requires that the audited Statement has to be approved by the council or a committee of the council on or before 30<sup>th</sup> September each year. Following the approval, the person presiding at the meeting shall sign and date the Statement. The function of approving the annual statement has been delegated to the audit committee. The external auditor's intention to issue an unqualified opinion has now been received and this committee is requested to approve the Statement of Accounts.
- 7.2 Regulations 7-11 set out in detail the requirements for the publication of the Accounts, the audit process, public inspection of the Accounts and related matters.
- 7.3 This report and its recommendations fulfill these statutory requirements.

## **8 Financial and value for money implications**

The council's financial performance, including the accuracy of its annual financial statements, alongside the maintenance of a sound level of reserves, effective monitoring of the council's financial performance and securing value for money are important factors in supporting the delivery of the council's priorities. In particular providing efficient and responsive services.

## 9 Risk analysis

This table needs to be completed for any report setting out a proposed course of action that entails risks at the outset of the project or if the risks change along the way.

<b>Nature of risk</b>	<b>Consequences if realised</b>	<b>Likelihood of occurrence</b>	<b>Control measures</b>
Error in reported position action or not taking this action	Qualified audit opinion  Changes in Service outturn positions and reserves	Low as audit concluded	Respond to KPMG's Action Plan and to learn lessons from this year's audit.

## 10 Implications for resources

No specific implications.

## 11 Implications for stronger and safer communities

No specific implications.

## 12 Implications for equalities

No specific implications.

## 13 Author and contact officer

Samantha Knowles, Interim Assistant Director

## 14 Consultees

Liz Elliott, Section 151 Officer

## 15 Background papers

Closure of Accounts Working Papers 2016-17