

***AGENDA MANAGEMENT SHEET***

<b>Report Title:</b>	Draft Statement of Accounts 2017/18
<b>Name of Committee:</b>	Audit and Ethics Committee
<b>Date:</b>	29 May 2018
<b>Report Director:</b>	Head of Corporate Resources and Chief Financial Officer
<b>Portfolio:</b>	Corporate Resources
<b>Ward Relevance:</b>	All
<b>Prior Consultation:</b>	N/A
<b>Contact Officer:</b>	Chris Blundell, Financial Services Manager and Deputy Chief Financial Officer
<b>Public or Private:</b>	Public
<b>Corporate Priorities:</b>	Ensure that the council works efficiently and effectively
<b>Statutory/Policy Background:</b>	The Local Audit and Accountability Act 2014 and Accounts and Audit Regulations 2015 and The Code of Audit Practice.
<b>Summary:</b>	The purpose of this report is to present the draft Statement of Accounts for consideration by Audit and Ethics Committee prior to the audit.
<b>Financial Implications:</b>	There are no financial implications for this report.
<b>Risk Management Implications:</b>	There are no risk management implications for this report.
<b>Environmental Implications:</b>	There are no environmental implications for this report.
<b>Legal Implications:</b>	There are no legal implications for this report.
<b>Equality and Diversity:</b>	There are no equality and diversity implications for this report.

**Recommendation:**

That the Committee notes the Draft Statement of Accounts 2017/18 and makes any comments it feels necessary to Officers in advance of the audit.

**Reasons for Recommendation:**

The Accounts and Audit Regulations 2015 require the approval of the statutory Statement of Accounts by 31 July.

**Audit and Ethics Committee – 29 May 2018**

**Draft Statement of Accounts 2017/18**

**Report of the Head of Corporate Resources and Chief Financial Officer**

**Recommendation**

That the Committee notes the Draft Statement of Accounts 2017/18 and makes any comments it feels necessary to officers in advance of the audit.

**1. Purpose of Report**

- 1.1 This report introduces the draft statutory Statement of Accounts 2017/18 for review by the Committee.

**2. Background**

- 2.1 For 2017/18 local authorities are required to approve and publish the accounts by 31 May and 31 July respectively (previously 30 June and 30 September). This represents a significant change to the Council's financial operations and a substantial challenge for the Financial Services team.
- 2.2 Last year, the Council trialled a compressed closedown timetable and through sound project management and a raft of system and process improvements, the draft Accounts for 2016/17 were approved on the 31 May 2017, significantly earlier than in previous years and in-line with this year's 2017/18 reduced statutory deadlines.
- 2.3 However, the Council was not able to publish the accounts by 31 July and recognises that in order to meet the requirements to publish the final accounts by the revised deadline more progress will need to be made. In particular, management have been working with the auditors and colleagues at other local authorities to further improve processes and working papers to aid the Council's efforts to achieve the earlier statutory deadline.

**3. Production of the 2017/18 Draft Accounts**

- 3.1 The production of the draft accounts for 2017/18 is now nearing completion. At the time of writing this report, an initial set of draft of accounts had been produced by the Financial Services team and were under review by the Head of Corporate Resources and Chief Financial Officer. With only some minor disclosure

requirements still to be completed, officers are confident that the draft statements will be published by the 31 May 2018.

- 3.2 The most up-to-date draft set of accounts will be presented to the committee at the meeting on the 29 May 2018. It is anticipated that this document will be close to the final version of the draft accounts, with only minor changes expected prior to publication on 30 May 2018.
- 3.3 The Financial Services Manager will also provide a presentation to the committee, guiding members through the key items for their consideration.
- 3.4 At the Committee meeting on 27 March, the significant risk of missing the revised statutory deadline was reported due to resourcing concerns. With two key Principal Accountant Posts vacant until the beginning of May, it represents a notable achievement that the draft accounts are on course to be completed by the deadline, given the resources available.
- 3.5 Officers can also confirm that quality in the approach to the production of the draft accounts has not been compromised and that they are confident and comfortable that there has not been a trade-off in accuracy in order to meet this year's revised deadline.

#### **4. The Statement Accounts 2017/18**

- 4.1 The statement of accounts, which will be presented to the committee at the meeting, comprises of the following financial statements;
  - i) **The Narrative Report** – includes financial summaries which detail the actual spend and income for the year compared with the original budget; financial and non-financial performance; risks and a financial outlook
  - ii) **Comprehensive Income and Expenditure Statement** – records all of the Council's income and expenditure for the year, in accordance with generally accepted accounting standards. The top half of the statement provides an analysis by service area, in-line with the Council's structure. The bottom half of the statement deals with corporate transactions and funding  

The account is prepared in accordance with International Financial Reporting Standards (IFRS) however, regulations allow local authorities to reverse or replace certain items of income and expenditure. These items are summarised in the MIRS.
  - iii) **Movement in Reserves Statement** – this shows the amounts transferred to/from the various reserves held by the Council in order to provide services throughout the year, having taken account of statutory adjustments for financing.
  - iv) **Balance Sheet** statement is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.
  - v) **Cash Flow Statement** – details the main revenue, capital, investment and financing cash movements during the year. Additional information is included within the notes to the accounts.

- vi) **Housing Revenue Account (HRA) Statements** – in accordance with the statutory ring-fence, these show the income and expenditure relating to the provision of Council housing and also the overall amount taken from/contributed to HRA balances for the year.
  - vii) **Collection Fund Statement** – shows the transactions relating to business rates and council tax and illustrates the way in which they have been distributed between the Council, Central Government, Warwickshire County Council and the Office of the Police and Crime Commissioner for Warwickshire.
- 4.2 The notes of the main financial statements provide additional information to the readers on the figures included within the statements.

## 5. **Audit and Inspection**

- 5.1 The draft 2017/18 statement of accounts will be available for public inspection by appointment from 1 June 2018, in line with the Accounts and Audit Regulations 2015. The inspection period will conclude on 13 July 2018, during which, and up to the conclusion of the audit, any local government elector within the Rugby Borough is able to question or make objections to the Council's external auditor, Grant Thornton UK LLP.
- 5.2 The external audit by Grant Thornton will take place during July, after which the Statement of Accounts will be formally published and a final report brought to Full Council. Any material changes as a result of the audit will be reported to the Audit and Ethics Committee at the earliest opportunity once the Accounts have been signed off by the External Auditor.

Name of Meeting: Audit and Ethics Committee  
Date of Meeting: 29 May 2018  
Subject Matter: Draft Statement of Accounts 2017/18  
Originating Department: Financial Services

**List of Background Papers**

There are no background papers relating to this item.