

AUDIT COMMITTEE

Statement of Accounts 2016/17 13 September 2017

Report of Chief Officer (Resources)

PURPOSE OF REPORT

This report seeks Member approval for the 2016/17 audited accounts, to allow the completion of financial reporting for last year.

This report is public.

RECOMMENDATIONS

1. That the report for 2016/17 issued by the Council's External Auditors be noted, together with the letter of representation to be signed by the s151 Officer.
2. That the audited Statement of Accounts for the financial year ended 31 March 2017 be approved and that the Accounts be signed and dated by the Chairman.

1 REPORT

- 1.1 In accordance with the Accounts and Audit Regulations, the draft Accounts for 2016/17 were produced by 30 June and certified by the s151 Officer on that date. They were then made available for public inspection and they have also been externally audited.
- 1.2 The outcome of the external audit is set out in the Auditor's formal report at **Appendix A**. The External Audit Manager will be in attendance at the Committee meeting to present the report and answer any questions.
- 1.3 In summary, the results of the audit are as follows:
 - There was one misstatement in the accounts which required adjustment. The "Local Adjustment Factor" used to adjust the fair value of council dwelling to the Existing Use Value for Social Housing had not been updated from 35% (2015/16) to 40% (2016/17). This resulted in an increase in the revaluation gain arising from the valuation of council dwellings of £15.5M. The primary effect of this on the main financial statements is an increase to asset values and a corresponding increase in the revaluation reserve – but it did not have any impact on the £112K underspending at year end.
 - There were a small number of presentational adjustments required to the accounts.

- Subject to supporting documentation being completed and reviewed, an unqualified audit opinion is anticipated.
 - An unqualified Value for Money (VFM) conclusion is also expected.
 - A formal objection to the accounts has been received by the External Auditor from an elector. Whilst it is not anticipated that this will cause a delay in providing the audit opinion, the closure certificate cannot be provided until the matter is resolved. The External Auditor will provide any further update at the Committee meeting, as appropriate.
- 1.4 In terms of the Committee’s responsibilities, prior to publication of the Accounts the Council must:
- consider the Accounts;
 - following that consideration, approve the Accounts; and
 - following approval, ensure that the Accounts are signed and dated by the Chairman.
- 1.5 Accordingly, the adjusted audited Accounts are attached at **Appendix B** for the Committee’s consideration and approval. As required under Regulations, the updated Accounts have been re-confirmed by the s151 Officer as presenting a true and fair view of the authority’s finances for 2016/17. As background, the financial outturn has previously been reported to both Cabinet and Budget and Performance Panel, and that outturn position remains unchanged following audit.
- 1.6 In support of completing the audit, the Auditor requires a ‘letter of representation’, a draft form of which is included at **Appendix C**. The letter will be finalised and signed by the s151 Officer but the Committee is also requested to note it. This is on the basis that those charged with governance should be aware of the representations on which the auditor relies, in expressing his opinion on the Accounts. If there are any substantive changes to the wording of the final letter, the Committee will be advised at the meeting.
- 1.7 Once the Accounts have been approved, the letter of representation forwarded and any other outstanding matters resolved, it is expected that the Auditor will issue his opinion on the accounts and on VFM arrangements, with conclusion of the audit following in due course.
- 1.8 The audited Accounts should be published by 30 September. This simply involves a copy being made available at the Town Halls and through the Council’s website. Normally, the audit should be concluded prior to the publication and although this may not be the case this year, Regulations also provide for the Accounts to be published once the Auditor has made his final report on the findings of the audit, ahead of the formal conclusion.

2 **Options and Options Analysis (including risk assessment)**

The Accounts approval process represents an opportunity for the City Council to consider the outcome of external audit, to ensure that its financial reporting is appropriate and take any action as needed. Given the results of the audit, no alternative options are put forward, but the Committee could make supplementary recommendations regarding any matters arising

3 Conclusion

Subject to the outcome of the objection to the Accounts, so far the findings of the audit have been positive and reaffirm the soundness of the Council's financial reporting and VFM arrangements. The approval of the Accounts by the Committee would ensure that the relevant statutory deadline is met.

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| CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) |
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No implications directly arising.

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| FINANCIAL IMPLICATIONS |
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There are no changes to the financial outturn from that previously reported to Members. Once the outcome of the objection is known, any financial matters will be considered if/as appropriate.

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| SECTION 151 OFFICER'S COMMENTS |
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This report forms part of the Chief Officer (Resources)' responsibilities, under her role as s151 Officer.

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| LEGAL IMPLICATIONS |
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There are no other direct legal implications arising. Once the outcome of the objection is known, any legal matters will be considered if/as appropriate.

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| MONITORING OFFICER'S COMMENTS |
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The Monitoring Officer has been consulted and has no further comments to add.

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| BACKGROUND PAPERS | Contact Officer: Nadine Muschamp |
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None.

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