

# AUDIT COMMITTEE

## Statement of Accounts 2017/18 24 July 2018

### Report of Chief Officer (Resources)

#### PURPOSE OF REPORT

This report seeks Member approval for the 2017/18 audited accounts, to allow the completion of financial reporting for last year.

**This report is public.**

#### RECOMMENDATIONS

1. That the report for 2017/18 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 2018 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 2017/18 were produced by 31 May 2018 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 adjustment to make in the accounts relating to the treatment of the pension fund up-front payment. This had been treated as a prepayment within the accounts and as such did not appear in the Comprehensive Income and Expenditure Statement (CIES). Authorities had taken different approaches regarding the accounting treatment, albeit that the 'bottom-line' line impact was the same, in that it provided for spreading the payment across the triennial review period. External Audit consider that the correct treatment should have been to recognise the full amount in the CIES with a corresponding reduction in the defined benefit pension liability. This is accepted, based on the overall impact on the

General Fund being nil, as the total payment will still be spread across the three years.

- There were a small number of other 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.

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 2017/18. 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 As a general rule the audited Accounts should be published by 31 July 2018. 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 presented, 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.

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

<b>FINANCIAL IMPLICATIONS</b>
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There are no changes to the financial outturn from that previously reported to Members.

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

<b>LEGAL IMPLICATIONS</b>
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Legal requirements are as referred to in the report.

<b>MONITORING OFFICER'S COMMENTS</b>
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The Monitoring Officer has been consulted and has no further comment.

<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Nadine Muschamp
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None.

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