

Report

Audit Committee

Part 1

Date: 26 June 2017

Subject 2016/17 Draft Financial Statements

Purpose This report submits a copy of the draft 2016/17 financial accounts to Audit Committee, for comments & information.

Author Head of Finance

Ward All

Summary The Section 151 officer will be signing and publishing the Council's draft accounts by the statutory deadline of 30 June 2017 and are shown here for information and comments, which could, where appropriate, be incorporated into the final signed draft version. Draft accounts are published to enable residents to consider and question the information within them.

The accounts are subject to audit and will be re-presented to the Committee in September for formal approval and signing following completion of this work.

This report outlines the key statements within the accounts, and issues of interest to provide members with an understanding of the information presented. A presentation on the key documents and what they show will be made at the meeting.

Proposal That the Committee note and comment, where necessary, on the draft accounts.

Action by Head of Finance – Completion of audit and agreement of any issues

Timetable September 2017

This report was prepared after consultation with:

- Monitoring Officer

Background

The draft financial statements cover the period 1 April 2016 to 31 March 2017 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Four key statements together with supporting notes detail the financial performance, these are:

- **The Comprehensive Income and Expenditure Statement (CIES):** showing the accounting cost in year of providing services in accordance with generally accepted accounting practices.
- **The Movement in Reserves Statement:** summarises the Authority's income and expenditure activity and shows how this is adjusted to arrive at the Authority's funding, or council tax position, and how surpluses / deficits have been distributed to reserves.
- **The Balance Sheet:** shows the value as at the 31 March 2017 of the assets and liabilities held and recognised by the Authority.
- **The Cash Flow Statement:** shows the movements in cash and cash equivalents of the Authority during the reporting period.

Key areas/issues within the accounts:

1. The CIES shows a financial position which looks different to the underspend reported to Cabinet. This is because the Financial Statements are required to make a number of adjustments under the Code. Note 28 provides a reconciliation back to the surplus reported to Cabinet. The Head of Finance's foreword to the accounts explains this point and the key adjustments / differences

These draft accounts, along with supporting working papers have already been given to the WAO w/c 19th June to facilitate early engagement, where possible.

As agreed last year within 'lessons learnt', the Welsh Audit Office have already started certain aspects of their testing during their preliminary visit to the Council and this will help ensure a quicker and smoother audit this year.

A presentation on the key issues contained within the accounts will be made to the Committee and will hopefully facilitate questions and observations.

Risks

The accounts are prepared in accordance with required codes of practice and disclosure notes relating to risks are included where appropriate.

Links to Council Policies and Priorities

No direct links but the annual accounts show that the Council financial capacity is good and this is important for any organisation which requires funds to drive forward key priorities and improvements.

Options Available and considered

No authorisation of the draft accounts is required from the Audit Committee.

The Committee is asked to note the draft accounts only and make any comments / seek clarification as necessary which could lead to a change in the accounts before they are signed by the HoF and published.

Preferred Option and Why

To note the draft accounts and make comments / seek clarification as necessary

Comments of Chief Financial Officer

All financial issues are covered in this covering report and in the presentation which will be given to Members.

Comments of Monitoring Officer

S151 Officer is required to approve the draft accounts for 2016/17 before 30th June in accordance with the Accounts and Audit (Wales) (Amendment) Regulations 2010. Best practice however requires that these accounts are presented to the Audit Committee for information.

Comments of Head of People and Business Change

There are no HR issues in this report

Comments of Cabinet Member

The Leader of the Council, as lead member for strategic finance, confirms that the HoF has discussed these accounts with her and has been shown and assured that they are in line with what was presented to her Cabinet on 15th June, including the distribution of the small underspend to earmarked reserves.

Local issues

N/A

Scrutiny Committees

N/A

Equalities Impact Assessment and the Equalities Act 2010

N/A

Children and Families (Wales) Measure

N/A

Wellbeing of Future Generations (Wales) Act 2015

In the main, this is not applicable as the accounts are a backwards looking document, reporting on facts as at 31st March 2017. In saying this, the Cabinet are mindful of the Act when considering financial issues and the reserves and provisions in the accounts contribute to the achievement of the Act, in particular securing financial resilience and managing risks.

Crime and Disorder Act 1998

N/A

Consultation

N/A

Background Papers

None