

REPORT OF: CHIEF FINANCIAL OFFICER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATE: 26th JULY 2018

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STATEMENT OF ACCOUNTS 2017/18

PURPOSE OF REPORT

1. The purpose of this report is to present for approval the Statement of Accounts for 2017/18. At the time of writing this report the audit undertaken by Grant Thornton is substantially complete. The accounts submitted with this report include any amendments arising from the work of External Audit as at 16th July 2018.

RECOMMENDATIONS

2. The Committee is recommended to approve the Statement of Accounts for 2017/18.

ISSUE

Introduction

3. The draft (pre-audit) accounts were completed and published on the Council's website on 31st May 2018. Grant Thornton commenced their on-site audit of the accounts week commencing 4th June 2018 and this work is nearing completion. The Statement of Accounts submitted with this report reflects all changes agreed with Grant Thornton as at 16th July 2018. Any new matters arising prior to the Committee will be reported verbally at the meeting.
4. At the time of writing this report no changes have been made to the core statements. The amendments requested thus far relate mainly to a small number of disclosures and enhancements to the Narrative Report and Accounting Policies sections to provide greater clarity for the reader.
5. Details of the formal audit findings are presented in a separate report from Grant Thornton which is included elsewhere on the agenda for this meeting. There has been one error ('unadjusted misstatement') identified during the course of the audit. This relates to the recording of items of Property, Plant and Equipment (PPE) and the duplication of entries into the Asset Register resulting in an overstatement of Land and Buildings in the sum of £80,062. Whilst this amount exceeds the triviality threshold of

£53k as per the External Audit plan for Pendle, the amount is not classed as material in the context of the Council's financial position and reported accounts and it has been agreed with Grant Thornton not to adjust the accounts for this. This also features in the Letter of Representation presented elsewhere on this agenda.

6. Internal operating practices will be reviewed to effectively manage the risk of a similar misstatement occurring in the future.
7. The period for public inspection of the accounts commenced from the 1st June 2018 and ended on the 13th July 2018. No questions or enquiries were received from members of the public in this period.
8. Under the Accounts and Audit Regulations 2015 (regulation 9(2)), the Council must, following the conclusion of the period for the exercise of public rights, in the following order:
 - (a) Consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;*
 - (b) Approve the statement of accounts by a resolution of that committee meeting;*
 - (c) Ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which approval is given.*
9. The Statement of Accounts is attached at [Appendix A](#) for approval. The Chief Financial Officer, as the Council's responsible finance officer, has re-certified the accounts confirming that the statement of accounts presents a true and fair view of:
 - (a) The financial position of the authority at the end of the financial year to which it relates; and*
 - (b) The authority's income and expenditure for that financial year.*
10. The Statement of Accounts (SOAs) also includes the Annual Governance Statement and Narrative Report, both of which are required to be published together with the financial statements.
11. Once confirmation has been received from Grant Thornton that the audit has been completed, a 'Notice of Conclusion of Audit' will be published. This will explain that the audit of the Council's accounts has been completed and state where the accounts and auditor's report can be inspected.
12. The accounts for 2017/18 have been prepared and audited within a shortened timescale following legislative changes. Councils are required to publish their draft accounts by the end of May and to publish their audited accounts by the end of July each year. The Council published its draft accounts on 31st May 2018 and, subject to the Committee's approval and receipt of the Auditor's Opinion, the accounts will be published on the Council's website shortly after this meeting.
13. Such outcomes are not possible without the hard work and support of team members within Finance assisted by colleagues across the Council and I am grateful to them all for their support.
14. In considering the SOAs members of committee are referred to the external auditor's Audit Findings report (AFR) which appears elsewhere on this agenda. The reports provide the auditor's opinion on the accuracy of the accounts and also the supporting documents.

15. A summary of the salient comments within the AFR appears below:

Report on the accuracy of the Financial Statements:

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

The supporting key documents, the Narrative Report and the Annual Governance Statement (AGS):

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, 'Narrative Report for 2017/18 by the Chief Financial Officer' (pages 6 to 20) and the 'Annual Governance Statement' (pages 40- 50), for the financial year for which the financial statements are prepared is consistent with the financial statements.

Achieving Value for Money:

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

16. The external auditors, Grant Thornton, have made two recommendations for the Council as a result of issues identified during the course of the audit. These appear within their Audit Findings report together with a management response for the Chief Financial Officer.

IMPLICATIONS

Policy

8. There are no policy implications arising directly from the contents of this report.

Financial

9. The financial implications are as given in the report and Statement of Accounts. This report sets out the closing financial position for the 2017/18 year. All budget variation are currently being reviewed and assessed in order for them to be incorporated into the budget monitoring process for 2018/19 and the budget and Medium Term Financial Plan for 2019/20 onwards.

Legal

10. The Accounts and Audit Regulation's 2015 currently require the Council to approve and publish its audited Statement of Accounts by 31 July each year. Councillor's approval of the accounts at this meeting will allow us to satisfy this requirement.

Risk Management

11. There are no risk management implications arising directly from the contents of this report.

Health and Safety:

12. There are no health and safety implications arising directly from the contents of this report.

Sustainability:

13. There are no sustainability implications arising directly from this report.

Community Safety:

14. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

15. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A –Statement of Accounts 2017/18

LIST OF BACKGROUND PAPERS: Final Accounts working papers held by Financial Services.