

## **APPROVAL OF ACCOUNTS 2016/17**

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Cabinet Member: David Hall  
Division and Local Member: All

### **1. Summary/link to the Annual Plan**

- 1.1** As part of the formal process of closing the County Council's 2016/17 accounts, the Chief Financial Officer is required to approve the draft Statement of Accounts by 30 June. The Audit Committee is subsequently required to approve the audited accounts by 30 September.

For the accounting period 2017/18 the statutory deadlines for publishing draft accounts and final audited accounts is changing from 30 June and 30 September respectively to 31 May and 31 July respectively. To ensure we deliver successfully to the change in the statutory deadlines we have implemented the new deadlines again this year.

### **2. Issues for consideration**

- 2.1** Members are recommended to approve;
- The audited Statement of Accounts for 2016/17 (Appendix A);
  - The Letter of Representation for 2016/17 (see 5.1 and Appendix B);
  - The updated Annual Governance Statement as included within the Statement of Accounts (see 6.1 and Appendix C)

### **3. Background – Statement of Accounts**

- 3.1** The Accounts and Audit Regulations issued by the Secretary of State set out the requirements for the preparation and publication of final accounts. These regulations include the requirement for the formal approval, by a full Committee, of the Authority's Statement of Accounts.
- 3.2** The attached Statement of Accounts (Appendix A) has been prepared in accordance with the current Code of Practice on Local Authority Accounting in Great Britain. The Statement is required to present a true and fair view of the County Council's financial position at 31 March 2017 and also the income and expenditure for the financial year 2016/17. A separate Statement of Accounts has been produced for the Pension Fund.
- 3.3** The Statement of Accounts was available for public inspection during the 30 working day period running from 2 June to 14 July 2016 which included the statutory inspection period of the first 10 working days of July.

- 3.4** The Council's external auditors, Grant Thornton, started their detailed examination of the Statement of Accounts on 5 June and completed it in July. They are only able to formally conclude the audit, and issue their report and certificate if they have received a copy of the Statement of Accounts as approved by this Committee.

The issue of the audit certificate will be delayed until the completion of the audit of the Whole of Government Accounts (WGA) submission due to the delay in the issuing of the WGA toolkit by HM Treasury. This Committee will be notified on final receipt of the audit certificate.

#### **4. Statement of Accounts - Content**

- 4.1** The content and format of the Accounts is as prescribed in the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Authority's Statements includes the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and a Cash Flow Statement. In addition, there is an extract from the Somerset Pension Fund Accounts.

- 4.2** There are some more significant presentational changes this year to fully implement 'Telling the Story' principles. The requirements have resulted in changes to the presentation of the Comprehensive Income and Expenditure Statement to reflect the management reporting and responsibilities, the inclusion of a new set of disclosures (Expenditure and Funding Analysis) and additional segmental reporting disclosures.
- 4.3** The remainder of this section details the changes to the accounts since they were made available to the Audit Committee in June 2017.
- 4.4** During the audit an error was found in the disclosure of PFI minimum lease payments, disclosed within Note 30. This resulted in an understatement of £0.973m in the two tables for minimum lease payments on page 101. This has now been corrected and does not affect any other disclosures.
- 4.5** There are no other changes to the accounts since they were made available to Audit Committee in June 2017 other than slight amendments to the wording to reflect the change from draft to final accounts.
- 4.6** We continue to consider the position of the Balance Sheet from the date it is approved by the Chief Financial Officer until the approved Accounts are published in case anything occurs that would change the perception of the accounts.

## **5. Letter of Representation**

- 5.1** The International Standard on Auditing 580 requires auditors to obtain written representations from management and, where appropriate those charged with governance in an audit of the financial statements. This statement can be found in Appendix B as a formal Management Representation letter to Grant Thornton

The committee are requested to formally approve this representation. Once approved the letter will be passed to our auditors.

## **6. Annual Governance Statement**

- 6.1** The draft Annual Governance Statement (AGS) was approved by the Audit Committee at its meeting in June. Best practice requires local authorities to review their Annual Governance Statement immediately before the Statement of Accounts is approved that the governance framework and risks have not significantly changed since the review was carried out.
- 6.2** Following this review only one change has been made to the AGS previously considered, within the section entitled Review of Effectiveness. We have now received the SWAP Annual Opinion which is also being considered by this Committee and we can formally confirm both “Reasonable” Assurance, and also a number of positive comments from the Internal Auditor. The Statement has been amended slightly to confirm this position and the updated AGS can be found in Appendix C.

## **7. The Next Steps**

- 7.1** After approval of the Statement of Accounts and Letter of Representation and on receipt of Grant Thornton’s final report, the Audit Opinion will be inserted into the accounts and the Statement of Accounts will be published and made available on the internet.

## **8. Background papers**

- 8.1** Cabinet (14 June 2017) Revenue Outturn Report 2016/17

**Note** For sight of individual background papers please contact the report author.