

APPROVAL OF ACCOUNTS 2017/18

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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 2017/18 accounts 2017/18 is this first year where statutory deadlines for publishing draft and final audit accounts has been brought forward. The Chief Financial Officer is required to approve the draft Statement of Accounts by 31 May. The Audit Committee is subsequently required to approve the audited accounts by 31 July. This is the third year in which we will have met these timescales.

2. Issues for consideration

- 2.1** Members are recommended to approve;
- The audited Statement of Accounts for 2017/18 (Appendix A);
 - The Letter of Representation for 2017/18 (section 5.1 and Appendix B);
 - The updated Annual Governance Statement as included within the Statement of Accounts (section 6)

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 2018 and also the income and expenditure for the financial year 2017/18. 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 1 June to 12 July 2018.

- 3.4** The Council's external auditors, Grant Thornton, started their detailed examination of the Statement of Accounts on 29 May 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 timing of the issuing of the WGA toolkit by HM Treasury and WGA submission timetable. 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 no significant presentational changes this year.
- 4.3** The remainder of this section details the changes to the accounts since they were made available to the Audit Committee in May 2018.
- 4.4** During the audit a Capital Grant received in advance was found to be categorised incorrectly and some additional disclosures were added to give the reader of the accounts a better understanding of the position of the authority. These can be seen in greater detail in Annex i. We have also added some additional disclosure within the narrative report to describe the pressures faced specifically within Children's Services and some of the action being taken across the authority to address these pressures.
- 4.5** There are also some 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 to ensure that the governance framework and risks have not significantly changed since the review was carried out.
- 6.2 Following this review additional comments have been added to the final section entitled **Significant governance issues looking forward** under the Financial Position entry. Two paragraphs have been added to the Statement to recognise the work being undertaken to date and the governance arrangements for the Financial Imperative programme.

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 (11 June 2018) Revenue Outturn Report 2017/18

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

Annex i

Disclosure amendments since draft accounts were issued:

Page	Statement/Note	Description
124	Note 40	A Standards Fund grant of £1.782m was categorised as Department for Transport grant in error. There is no other impact except the categorisation in this note.
5	Narrative Report	Previous year's performance objectives included to ensure comparison can be made.
61	CIES	Additional narrative included to explain the consolidation of services with greater detail provided within the CIES.
68	Note 2	Additional narrative included to explain the judgment on Futures for Somerset and the assessment of an immaterial impact for Group Accounts.
71	Note 3	Typographical correction.
134	Note 38	Additional narrative included to explain the risk of a financial liability as a result of a court case on support workers who have "sleep-in" shifts.
9	Narrative Report	Additional narrative included to set out with greater transparency the pressures facing children's services and the additional scrutiny of expenditure that the Senior Leadership Team are currently undertaking.