

**Name of meeting:** Corporate Governance and Audit Committee  
**Date:** 27th July 2018  
**Title of report:** Approval of the Council's final accounts for 2017/18

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>No</b>
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	<b>Key Decision: Yes</b> <b>Private Report/Private Appendix: N/A</b>
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>Yes</b>
<b>Date signed off by Strategic Director &amp; name</b>  <b>Is it also signed off by the Service Director for Finance, IT and Transactional Services?</b>  <b>Is it also signed off by the Service Director – Legal Governance &amp; Commissioning?</b>	<b>Rachel Spencer-Henshall</b>  <b>Eamonn Croston</b>  <b>Julie Muscroft</b>
<b>Cabinet member portfolio - Corporate</b>	<b>Cllr Shabir Pandor</b> <b>Cllr Graham Turner</b>

**Electoral wards affected:** N/A  
**Ward councillors consulted:** N/A  
**Public or Private:** Public

## 1 Summary

The report updates Members on the final accounts and audit processes for 2017/18 and asks Members of this Committee to approve the Council's Statement of Accounts for 2017/18 and a final version of the Annual Governance Statement.

The process of producing the accounts for 2017/18 went smoothly and the draft accounts were signed on 31 May in line with the new early closedown requirements. There were no queries or objections raised in the six week public inspection period. The audit of the 2017/18 Statement of Accounts is

substantially complete and the Council's auditors, KPMG, have issued their annual governance report (ISA 260). The draft Annual Governance Statement was approved by this Committee at its April meeting. Following consideration of this report, the Committee is responsible for the approval of the Council's accounts and the final version of the Annual Governance Statement.

## **2 Information required to take a decision**

- 2.1 The process for producing the accounts went smoothly and the draft accounts were signed on 31 May 2018 by the (Acting) Service Director-Finance, IT and Transactional Services. This in line with the new statutory sign off deadline of 31 May 2018. The draft accounts have been available to view on the Council's website.
- 2.2 The six week period when the public are permitted to inspect the accounts started on 1 June and finished on 12 July 2018. During this period, local electors can ask the auditor questions about or raise objections to items in the accounts.
- 2.3 Two objections were raised during the Public Inspection period for the 2016-17 accounts. One of these has been resolved by KPMG and the other is ongoing. However it has not impacted on their audit work in connection with the Statement of Accounts for 2017/18 and has not affected the audit opinion in 2016/17 and likewise will not affect their opinion on the 2017/18 Statement of Accounts.
- 2.3 It is anticipated that KPMG will issue an unqualified opinion on the Council's Statement of Accounts by 31 July. KPMG have issued their annual governance report (ISA 260). The report summarises significant findings, conclusions and recommendations arising from audit work throughout the year and will have been presented to Members earlier at this meeting.
- 2.4 The auditor's report comments that the Council produces high quality and materially correct financial statements, the quality of working papers provided was good and queries have been responded to in an acceptable timeframe. No material misstatements have been identified. The accounts have been amended for typographical corrections and a few minor errors, and in addition the disclosure on events after the balance sheet date (page 46) has been updated. A final version of the Statement of Accounts is contained in Appendix A.
- 2.5 The auditor's report also contains a Value for Money (VFM) conclusion, which provides an opinion as to whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In 2016/17 the auditors issued an 'except for' qualified value for money conclusion highlighting the Ofsted findings from its November 2016 report. The audit report acknowledges the improvements made to date and the continued upward trajectory towards meeting Ofsted requirements. At this stage in the Improvement Plan journey, the 2017/18 VFM conclusion has

remained as an 'except for' qualification. The trend with Authorities receiving similar 'except for' qualifications where they have received Ofsted inadequate judgements, has been similar to ours; i.e. it takes more than one year to fully address the issues and see improvements over a reasonable time frame, before receiving an 'unqualified' opinion.

- 2.6 The Council's draft Annual Governance Statement was approved at the Committee's 20th April meeting. It has been slightly updated and is included at the back of the Statement of Accounts 2017/18, pages 129 to 136. The Leader of the Council and the Chief Executive have formally signed the Statement and now this Committee is asked to approve it.
- 2.7 The auditor seeks a Letter of Representation from the Section 151 Officer and the Chair, including confirmation that this Committee has considered this item and the comments in the Annual Governance Report. A copy is included as Appendix B.
- 2.8 It is important that the Council has sound financial, governance and resources management arrangements in place to ensure that resources are available and used to support the Council's priorities, improve services and secure value for money for our tax payers. Specifically in respect of financial statements members are expected to "exercise collective responsibility for, and prioritise, financial reporting and demonstrate robust challenge and scrutiny".
- 2.9 To assist councillors in this regard, an explanatory paper is attached at Appendix C. The Statement of Accounts also contains a Narrative Statement, which highlights the key issues arising from the financial year 2017/18, and considers these in the context of the council's future financial prospects. Councillors are asked to consider the Statement of Accounts in detail along with the supporting notes, and either raise issues with the Senior Finance Manager or the (Acting) Service Director- Finance, IT and Transactional Services (s151 Officer) prior to the meeting so that a response can be prepared, or discuss any such matters as necessary and appropriate at the meeting of the Committee.

### **3 Implications for the Council**

Council funds support the delivery of the following Council objectives and priorities:

- 3.1 Early Intervention and Prevention (EIP)
- 3.2 Economic Resilience (ER)
- 3.3 Improving Outcomes for Children
- 3.4 Reducing demand of services

The annual statement of accounts are subject to external validation by appointed auditors to ensure that Council funds are also properly accounted for.

#### **4 Consultees and their opinions**

The main consultation has been with KPMG leading to their report.

#### **5 Next steps**

The accounts will be formally published. The conclusion of the audit will be advertised on the Council's website.

#### **6 Officer recommendations and reasons**

Corporate Governance and Audit Committee are recommended to approve:

(i) The Statement of Accounts 2017/18 incorporating the Annual Governance Statement (Appendix A), with the Chair certifying the Statement of Responsibilities on page 19.

(ii) The Letter of Representation (Appendix B), with the Chair signing it on behalf of the Committee.

#### **7 Contact officer**

James Anderson      Senior Finance Manager      01484 221000

#### **Background Papers and History of Decisions**

Accounts and Audit Regulations 2015  
Local Audit and Accountability Act 2014

#### **8 Service Director responsible**

Eamonn Croston      01484 221000