

**To: Audit and Governance Committee**

**Date: 26 September 2017**

**Report of: Head of Financial Services**

**Title of Report: Statement of Accounts for the Year Ending 31st March 2017**

# Summary and Recommendations

**Purpose of report**: To submit the Council’s Statement of Accounts and Letter of Representation for approval and authorisation.

**Key Decision No**

**Executive lead member Councillor Ed Turner**

**Policy Framework: Efficient and Effective Council**

**Recommendation(s): That the Committee:**

**a) Approve the audited 2016/17 Statement of Accounts as certified by the Head of Financial Services and authorise the Chair of the Committee to sign the Accounts**

**b) Approve the Letter of Representation to enable the opinion to be issued (paragraph 12)**

**Appendices**

**Appendix 1 –Statement of Accounts 2016/17**

**Appendix 2 – Letter of Representation**

**Background**

1. On the 31st May 2017 the draft 2016/17 Statement of Accounts (the Statements) were certified by the ‘Responsible Officer’, the Head of Financial Services as a true and fair view of the financial position of the authority at the 31st March 2017. The accounts were duly authorised to be released for audit.
2. Following audit by Ernst and Young the Statements have been re-certified by the Head of Financial Services and re-presented to this Audit and Governance Committee for final approval, prior to the 30th September deadline in accordance with the regulations.
3. In preparation for the earlier closure dates due to be implemented in 2017/18, (Accounts completed by 31st May and audited by 31st July) the Council completed its 2016/17 draft accounts by 25th May 2017, and submitted them to Audit & Governance in line with the agenda deadline. The accounts and working papers were made available to the Auditors shortly after that and the Auditors started their audit on site on the 12th June with a planned finish by the end of July.
4. Officers are discussing with the auditors how we can ensure both deadlines are met in future and will amend the approach to the preparation and audit in agreement with them in order that they can meet their deadline.
5. The 2016/17 audit is complete with some specific matters outstanding as reported in the Audit Results Report elsewhere on this agenda but it is anticipated that all matters will be complete by the date of the Audit Committee so that the accounts can be signed off.
6. The auditors have made some recommended changes, in line with the Code of Practice, and have also issued a draft report on the outcome of the audit. This report appears elsewhere on the meeting agenda.
7. The auditors are expected to issue an unqualified opinion on the financial statements.

**Uncorrected Misstatements**

1. The Auditors have not identified any misstatements within the draft financial statements which officers have not amended in the final version.

**Changes to the Statements of Accounts**

1. During the audit the external auditors identified a number of changes to the accounts which the Council have made. These changes do not have any material impact on the Council’s overall financial position as they relate to disclosure notes, Balance Sheet items or items which are reversed out of the Comprehensive Income and Expenditure Statement (CIES) under normal accounting practice.
2. The Statement of Accounts, attached at Appendix 1, includes the adjustments that have been agreed and made as a consequence of the audit. The changes included are:

* Statement of Accounts title page ‘Core Financial Statements’ amended to ‘Core Financial Statements & Expenditure and Funding Analysis Note’ to reflect the fact that the Expenditure and Funding Analysis Note is not a Core Financial Statement.
* Investment property - Manor Farm added in to the assets (value £461k) after having been incorrectly derecognised
* Note 18 – Long Term Investments relabelled as 'Available for Sale' rather than 'Loans and Receivables'
* Note 35 – Exit Packages has been amended to show 20 exit packages between £0 - £20,000; number of employees in category £55,000 – 59,999 amended to 11; and the Head of Law & Governance / Monitoring Officer remuneration has been adjusted to correct a small misstatement
* Note 45 – Post Balance Sheet Event note added relating to the tower blocks
* Notes H5 and H6 – amendments made to the supporting narrative
* Group Accounts changed to accommodate changes to the Barton Oxford LLP accounts following audit
* Accounting policy 7 – Employee Benefits - termination benefits reference to 'Non Distributed Costs' removed since this is now not a category in the CIES.
* Accounting Policy 18 – the text "vehicles, plant & equipment" added against measurement base 'depreciated historic cost'
* Accounting Policy 26 – Events After the Reporting Period added due to the addition of a Post Balance Sheet Event note

1. A verbal update will be given at Audit and Governance Committee if there are any subsequent changes that need to be made.

**Letter of Representation**

1. Attached at Appendix 2 is a draft Letter of Representation which the Committee is asked to approve. This is a letter from the Council’s Section 151 Officer setting out the processes and procedures the Council adopts to ensure that it is in compliance with its statutory requirements and that it has a sufficiently robust control framework to prevent and detect fraud and irregularities. Ernst and Young require this letter before they issue their opinion.

**Financial Implications**

1. These are covered within the main body of the report.

**Legal Implications**

1. In the future, the changes in dates will mean that the accounts will not be able to be presented to Audit and Governance Committee in draft form but the Committee will still be required to approve the final statement of accounts.

**Risk Implications**

1. There are no risks associated with the recommendations in this report. For 2017/18 there is a risk that the audit will not be completed within the deadline. Officers are working with auditors to facilitate a faster audit of the statements for 2016/17 in preparation for the 2017/18 closedown.

**Communication**

1. The Audited Statement of Accounts for 2016/17 will be published on the Council’s website along with a notice confirming the conclusion of the audit.

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**Background papers: None**