

**Audit Committee - 26 June 2017**

**Pre Audit Draft Statement of Accounts 2016/17**

**1. Summary of report**

- 1.1 The statement of accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Authority is required to prepare an annual statement of accounts in accordance with the Accounts and Audit (England) Regulations 2015. Those regulations require the statement of accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (hereafter referred to as the 'Code') and are supported by International Financial Reporting Standards (IFRS).

**2. Recommendations:**

- 2.1 Audit Committee are asked to note the revised deadlines for the 2017/18 statement of accounts and the progress the Council has made to ensure it can successfully meet this shortened timescale.
- 2.2 Audit Committee are asked to note the pre audit draft statement of accounts for 2016/17 (**Appendix 1**)
- 2.3 Audit Committee are asked to note the draft summary of accounts for 2016/17 (**Appendix 2**).

**3. Governance**

- 3.1 The pre audit draft statement of accounts for 2016/17 (**Appendix 1**) have been reviewed against the Code of Practice on local authority accounting in the United Kingdom 2016/17 and relevant accounting standards.

**4. Detail**

**Changes to statement of accounts deadlines**

- 4.1 The Accounts and Audit Regulations 2015 will require the council submit the draft statement of accounts to the council's external auditors by 31 May (rather than the current deadline of 30 June each year), and to publish its audited statement of accounts by 31 July for the 2017/18 financial year (rather than the current deadline of 30 September each year).
- 4.2 To prepare for this change the council has put in place measures during the preparation of its statement of accounts for 2014/15, 2015/16 and now 2016/17 to seek to ensure that a draft statement of accounts can be published by 31 May each year.
- 4.3 This has involved redesigning the accounting processes and procedures that finance and other service areas utilise at year end, and in conjunction with the council's

external auditors seeking to remove any unnecessary areas of work. A trial run in 2014/15 and 2015/16, whilst reducing the overall timescales of year end did not meet the target deadline of 31 May, however the 2016/17 draft statement of accounts were ready to be signed by the council's Chief Finance Officer on 30 May 2017.

- 4.4 This has involved hard work over this period across the finance service and significant support from other areas specifically Property Services, in relation to asset valuations, and Money, Home, Job in relation to the Collection Fund.
- 4.5 Additionally, because of the changes to the Accounts and Audit Regulations 2015 the council's external auditors will be required to move their audit of the statement of accounts forward for the 2017/18 financial year to fit in with the changes noted above.
- 4.6 In summary the council's deadline for the draft statement of accounts is being brought forward from 30 June to 31 May and the date for approval of the accounts by Audit Committee is being brought forward from 30 September to 31 July.

#### **Headlines from the 2016/17 draft pre audit statement of accounts**

- 4.7 As at 31 March 2017 the pre audit statement of accounts show general fund services, (including earmarked reserves) to have an overall deficit for the year of £0.227m.
- 4.8 The council had planned in-year use of general reserves of £0.349 million (see Council budget report 25 February 2016), a further £3.739 million allocated in year as approved by Cabinet and transfers of (£3.413) million (a net movement of £0.326 million) arising from a review and subsequent release of earmarked reserves. Therefore the net position for the council is an under spend against budget of £0.448 million.
- 4.9 This results in net general reserves of £13.904m as at 31 March 2017.
- 4.10 As reported to Audit Committee in April 2017 there have been a number of amendments to the council's accounting policies. These have been applied in full when preparing the 2016/17 statement of accounts.

#### **5. Resource and Legal Considerations**

- 5.1 The council must produce annual accounts in line with the Accounts and Audit Regulations 2015, in a timely fashion on an annual basis. The Code of Practice is updated on an annual basis.

#### **6. Risk Management**

- 6.1 Failure to correctly and fully apply accounting policies could result in external audit requesting amendments to the accounts or even qualification of the accounts.

#### **7. Equality implications**

- 7.1 Improving ease of understanding of the accounts is intended to make the annual Statement of Accounts more readily accessible to the general public. The accounts

will be available on request in different formats, for example, hard copy, soft copy via the web site, Braille and in different languages.

## **8. Consultation**

- 8.1 The Chief Finance Officer has been consulted and has approved the pre audit draft statement of accounts. No community consultation activity is required for the statement of accounts. However, as part of consultation regarding the presentation of financial information, residents have the opportunity to comment when reviewing the statement of accounts.

### **Background Papers**

Code of Practice on local authority accounting in the United Kingdom 2016/17

Audit and Accounts Regulations 2015



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6 June 2017

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