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**TITLE: 2017/18 ANNUAL FINANCIAL REPORT / STATEMENT OF ACCOUNTS**

Committee: Resources and Finance Committee

Date: 26<sup>th</sup> July 2018

Author: Finance Manager and Section 151 Officer

[T62]

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1.0 ISSUE

1.1 To approve the 2017/18 Statement of Accounts.

2.0 RECOMMENDATION

2.1 That the 2017/18 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY by the 31<sup>st</sup> July 2018.

3.0 BACKGROUND/OPTIONS

3.1 The Audit and Accounts Regulations 2015 which apply to the preparation, approval and audit of the Statement of Accounts for the year ending 31<sup>st</sup> March 2018 require the following process to be followed:

- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 31<sup>st</sup> May following the end of the financial year. It is confirmed that the accounts were signed off by this statutory deadline.
- The draft accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts were available for public inspection from the 1<sup>st</sup> June to the 12<sup>th</sup> July 2018, but during this period neither the Council nor EY received any communications from the public.
- By the 31<sup>st</sup> July:
  - The Accounts must be re-certified by the Responsible Financial Officer before Member approval is given
  - The Accounts must be approved by Members
  - The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.

3.2 Under the Council's Constitution, it is the Resources and Finance Committee's function to approve the Statement of Accounts 2017/18.

3.3 It should be noted that this timetable is earlier than in previous years. In previous years, the deadline for the draft accounts had been the 30<sup>th</sup> June, with then the final accounts and audit sign-off by the 30<sup>th</sup> September. The new timetable is therefore some two months faster than in previous years.

#### 4.0 FORMAT OF THE ANNUAL FINANCIAL REPORT 2016/17

4.1 The format of the Statement of Accounts is prescribed by a range of regulations and reporting requirements together with a code of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.2 Since 2010/11, as part of the wider public sector move towards international accounting standards, all local authorities in the UK are required to produce their annual financial statements using International Financial Reporting Standards (IFRS).

#### 5.0 CHANGES SINCE THE DRAFT ACCOUNTS

5.1 Members will note that Ernst & Young, our appointed auditors, identified a number of issues during the course of their audit. These are detailed in the Audit Differences section of their Audit Results Report.

5.2 The version attached as appendix 1 to this report includes adjustments identified since the draft accounts were published on the Council's website on the 31<sup>st</sup> May, including all the issues detailed in the Audit Results Report. This version remains subject to further Audit review and so there remains the possibility that further changes will be needed.

5.3 Most of these adjustments were presentational, but one impacts on the Council's financial position. We received Government grant on the 5<sup>th</sup> April 2018 in relation to 2017-18 Business Rate arrangements. This was not accrued for in 2017-18 and we had previously therefore understated the Council's NNDR income by £294,000. This change will impact the Council's bottom line, increasing the annual underspend and increasing the amount that can be transferred into the Surplus Savings Reserve.

5.4 A further major adjustment that has been required related to the Pension Fund valuation, where the estimate in the IAS19 report produced by the actuary prior to yearend, proved to be less accurate than Audit tolerances allowed and as such, we had to request a revised report from the actuary detailing the correct position at as the 31<sup>st</sup> March 2018. This impacted on all Councils in Cambridgeshire. This however is an entry solely for the Council's Statutory Accounts and does not impact on the reported Outturn position.

#### 6.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

6.1 This report presents details of the Council's financial position for the year ended 31<sup>st</sup> March 2018 in the prescribed format.

6.2 Equality Impact Assessment (INRA) not required.

7.0 APPENDICES

7.1 Appendix 1 – Statement of Accounts 2017/18

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<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code).	Room 104 The Grange Ely	Ian Smith Finance Manager and Section 151 Officer Telephone: (01353) 616470 E-mail: <a href="mailto:ian.smith@eastcambs.gov.uk">ian.smith@eastcambs.gov.uk</a>
The Prudential Code for Capital Finance in Local Authorities published by CIPFA		
Final Accounts working papers.		