

AUDIT COMMITTEE

16 July 2018

Annual Report and Accounts 2017/18

Leader Cllr Clive Egington
Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Andrew Jarrett, Deputy Chief Executive (S151)

Reason for Report: To present the final version of the annual report and accounts to Members, highlighting any areas which have been amended since the accounts were presented to Audit Committee in May.

RECOMMENDATION: That the annual report and accounts be approved (subject to the recommendations made by our external auditor, Grant Thornton – see separate agenda item). The Committee is also required to formally approve and sign the letter of representation attached at the back of the Accounts.

Relationship to Corporate Plan: The financial resources of the Council impact directly on its ability to deliver the Corporate Plan.

Financial Implications: Good financial management and administration underpins the entire document.

Legal Implications: It is a statutory requirement to follow the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) when producing the annual accounts.

Risk Assessment: The Section 151 officer is responsible for the administration of the financial affairs of the Council. Adhering to the Code mitigates the risk of receiving a qualified set of accounts. The Finance Team has also reviewed its overall calculations/workings against the CIPFA published Disclosure Checklist for 2017/18 and entered into detailed discussions with the appointed Audit Manager prior to and during the completion of the accounts.

1.0 Introduction

1.1 The annual accounts for 2017/18 have been produced in full compliance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and all other relevant accounting legislation. There were actually very few accounting changes for 2017/18.

2.0 The Annual Report and Accounts

- 2.1 Our external auditor's Grant Thornton are proposing to issue an un-qualified opinion on the 2017/18 accounts. This is clearly a very positive outcome and reflects the continued skills and hard work of the internal Finance team. We will of course strive to implement any methods of improvements prior to work starting on the 2018/19 accounts and this will be facilitated by an officer meeting(s) with the Audit Lead and Manager from Grant Thornton.
- 2.1.1 Upon review Grant Thornton have identified that due to the complexity of our Fixed Assets computations, we had omitted to depreciate seven assets, therefore understating depreciation by £52k. This error has been amended in the accounts. There is no impact on the Balance Sheet or the overall value of our assets as this depreciation was negated by our end of year revaluation exercise. The impact of the reversing increase in depreciation is best illustrated in the Property Plant and Equipment note 23 and the offsetting impact on our reserves is shown in Note 43. This has no impact on the "bottom line". The auditors have recommended we investigate simplifying our Fixed Asset register and we will strive to do this before the next year end.
- 2.1.2 We have also amended the classification of the land owned by 3 Rivers Ltd from Assets under Construction to Work in Progress (WIP). This can be seen in the Group Accounts section. This again has no impact on the "bottom line". Some small note disclosure and typographical corrections have also been identified and corrected by officers. These are now included in the revised final set of accounts for your approval.
- 2.2 In addition Grant Thornton have also stated that "despite the challenges faced by the Council" there are adequate arrangements in place to achieve financial resilience.
- 2.3 Once the Accounts have been formally approved by the Audit Committee the Finance Team will produce a summarised version (written in more plain English which will just focus on the key areas of the Accounts) which will be placed on the website in the next few weeks.

3.0 Conclusion

- 3.1 Members are asked to approve the annual report and accounts which reflect a true and fair view of the financial position of the Council as at 31 March 2018.

Contact for more information: Andrew Jarrett
01884 234242
ajarrett@middevon.gov.uk

Background Papers:

Circulation of the Report: Cllr Peter Hare-Scott