

Report To:	AUDIT COMMITTEE	Date:	25 TH SEPTEMBER 2017
Heading:	AUDITED STATEMENT OF ACCOUNTS 2016/17		
Portfolio Holder:	N/A		
Ward/s:	N/A		
Key Decision:	NO		
Subject To Call-In:	NO		

Purpose Of Report

This report is intended to provide the Audit Committee with the outcome of the external audit of the Statement of Accounts for the financial year 2016/17 and to seek approval of the Statement. Please find a link to view a copy of the [audited accounts](#).

Recommendation(s)

It is recommended that:-

- 1) the findings of the Statement of Accounts audit are approved.
- 2) the audited Statement of Accounts for 2016/17 including the Annual Governance Statement are approved together with the associated Letter of Representation.

Reasons For Recommendation(s)

To comply with statutory and constitutional requirements.

Alternative Options Considered (With Reasons Why Not Adopted)

There are no alternative options.

Detailed Information

A copy of the Statement of Accounts and Letter of Representation follow this report.

Amendments to the Statement of Accounts 2016/17

The audit resulted in some minor changes being made to the accounts, these being presentational and rounding errors.

In summary, the amendments made to the Council accounts have required notes to be changed, however these changes have had no material impact on the key financial statements i.e. Expenditure & Funding Analysis (EFA), Comprehensive Income & Expenditure Account (CIES), Balance Sheet and Movement in Reserves Statement. There has therefore been no change to the previously reported out-turn position for the General Fund and the Housing Revenue Account.

The primary changes made to the Council's accounts are as follows:

1. Restatement of 2015/16 EFA and CIES

As previously reported to Audit Committee on the 20th March 2017, the Annual Statement of Accounts required the production of Expenditure & Funding Analysis and Comprehensive Income & Expenditure Accounts to be reported in the same segments as those reported to management. In the case of Ashfield District Council, this meant reporting by Directorate and required the restatement of the CIES for 2015/16 together with providing comparatives for the EFA for 2015/16.

During the audit, it was noted that the restatements contained some but not all internal recharges. This has now been amended to ensure consistency and comparable figures. The total values of both the EFA and CIES remained unchanged.

2. Assets Held as Lessor (Note 33)

A change was made to the prior year comparatives figures for Operating Leases following the identification of a previous error. The gross value of assets held for use in operating leases as at 31st March 2016 has been restated from £8.923m to £8.194m and the accumulated depreciation and impairment of these properties as at 31st March 2016 were restated from £1.908m to £1.286m.

The following paragraph was added at the end of this note:

'The secured income for 2015/16 has been restated in the 2016/17 Statement of Accounts. The reason for restatement is due to an omission of the secured income from ground leases on the original 2015/16 secured income.'

3. Statement of Accounting Policies - Measurement

The following paragraph was added to the accounting policy for Measurement:

'Costs of dismantling assets such as roofs, windows and heating systems in Council Dwellings are included in the costs paid to the main contractor. The main contractor is responsible for the disposal of the dismantled assets. The dismantled assets have been assessed by the valuer as only having a negligible value.'

4. Debtors (Note 19)

Following a review of debtors, £1.168m of long term debtors have been reclassified as short term debtors. The overall Balance Sheet value is unchanged.

5. Pensions (Note 35)

The following paragraph was inserted into the section Participation in Pension Schemes:

‘There were five new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £51.9k’

The membership data for Ashfield homes was originally missing from a note table on page 97 (previously on page 95) but has now been amended as per below:

	Number	Salaries/ Pensions £'000	Average Age Current Employee s	Average Age Former AHL
Active members	566	13,181	48	44
Deferred pensioners	635	1,359	46	40
Pensioners	732	4,317	72	64
Unfunded pensioners	179	321	77	0

The following Asset Breakdown table was originally not included in the Statement of Accounts but upon advice from external audit, it has now been included:

Asset Breakdown	31 December 2016		
	% Quoted	% Unquoted	
Fixed Interest Government Securities	UK	3.1%	0.0%
	Overseas	0.0%	0.0%
Corporate Bonds	UK	5.8%	0.0%
	Overseas	0.3%	0.0%
Equities	UK	29.8%	0.1%
	Overseas	38.4%	0.0%
Property	All	0.0%	11.1%
Others	Private Equity	0.0%	1.6%
	Infrastructure	0.0%	2.3%
	Inflation Linked	0.0%	2.5%
	Cash/Temporary Investments	0.0%	5.0%
Total		77.4%	22.6%

1. Group Movement in Reserves

The following note was added to the bottom of the Group Movement in Reserves Statement:

'The balances on the Subsidiary Pension Reserve and the Council's Share of Subsidiaries are both now nil due to the dissolution of Ashfield Homes Ltd. These balances have now been incorporated into the Balance Sheet of the Council.'

2. Annual Governance Statement

Upon advice from external auditors, the following paragraphs were added to the Annual Governance Statement:

Putting Principles into Effect (Page 137):

Section F – Managing Risks & performance through robust internal control and strong public sector management, the following has been added:

'The Council's Audit Committee undertakes the core functions as outlined with CIPFA's Audit Committees: Practical Guidance for Local Authorities & Police. A review of its operation has led to improvements being identified including agreeing the frequency of risk and anti-fraud reporting.'

Internal Audit Opinion 2016/17 (page 152):

The following has been added:

'Central Midlands Internal Audit Partnership' has undertaken a self-assessment of its compliance with the CIPFA statement on the Role of the Head of Internal Audit and is compliant. An independent review of the function is currently being undertaken, the findings of which will be reported to the next Audit Committee upon conclusion.'

Letter of Representation

The Letter of Representation is attached for consideration and approval.

Implications

Corporate Plan:

Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management supporting the Corporate Plan.

Legal:

This report enables the Council to present for approval the audited Statement of Accounts by 30th September 2017 in accordance with statute.

Finance:

This report is effective from 25/09/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	As per the Statement of Accounts
General Fund – Capital Programme	As per the Statement of Accounts
Housing Revenue Account – Revenue Budget	As per the Statement of Accounts
Housing Revenue Account – Capital Programme	As per the Statement of Accounts

Human Resources / Equality and Diversity:

There are no human resources, equality or diversity impacts

Other Implications:

None

Reason(s) for Urgency (if applicable):

N/A

Exempt Report:

No

Background Papers

None

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