

AUDIT COMMITTEE

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| Date of Meeting | Wednesday 19 th July 2017 |
| Report Subject | Draft Statement of Accounts 2016/17 |
| Report Author | Corporate Finance Manager |

EXECUTIVE SUMMARY

The report presents the draft Statement of Accounts 2016/17 attached at Appendix 1 (subject to audit) for Members information only at this stage.

RECOMMENDATIONS

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| 1 | Members note the draft Statement of Accounts 2016/17 (which includes the Annual Governance Statement approved by the Committee at its June 2017 meeting). |
| 2 | Members approve arrangements for the 'drop in sessions' that have been arranged for early September and note the ability to discuss any aspect of the Statement of Accounts with Officers or the Wales Audit Office throughout July, August and September, prior to the final audited version being brought back to the Committee for their recommendation to Council for final approval on 27 th September 2017. |

REPORT DETAILS

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| 1.00 | EXPLAINING THE STATEMENT OF ACCOUNTS |
| 1.01 | The Accounts and Audit (Wales) Regulations 2014 specify the statutory deadline for the approval of the draft accounts by the Responsible Finance Officer, being 30 th June. The Council's draft accounts are attached at Appendix 1 for Members information. They were signed by the Corporate Finance Manager on 30 th June 2017. The draft accounts will now be audited. The statutory deadline for publishing the final audited Statement of Accounts for 2016/17 approved by Council is the 30 th September 2017. |

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| 1.02 | At the completion of the audit, Wales Audit Office (WAO) will provide a report and opinion on the accounts. Any required adjustment to the accounts as a result of the audit will be incorporated into the final Statement of Accounts. The final version of the Statement will be presented to Audit Committee on the morning of 27 th September 2017, and recommended to Council on the afternoon of the same day. |
| 1.03 | <p>The Flintshire County Council accounts have been prepared in accordance with the requirements of the 2016/17 Code of Practice on Local Authority Accounting – which is based on International Financial Reporting Standards (IFRS) and include:</p> <ul style="list-style-type: none"> • The core financial statements and notes comprising – expenditure and funding analysis, comprehensive income and expenditure statement, movement in reserves statement, balance sheet and cash flow statement. • The supplementary financial statements – the housing revenue account income and expenditure statement, movement in reserves statement and notes. • The group accounts – incorporating the financial accounts of North East Wales (NEW) Homes with that of the Council's. The Council established NEW Homes, a company limited by shares wholly owned by the Council, in April 2014 with the aim of increasing the quantity and quality of affordable housing across the county, whilst providing a professional service to landlords and tenants. • Clwyd Pension Fund accounts • Annual Governance Statement |
| 1.04 | The Clwyd Pension Fund accounts have also been prepared to meet the requirements of the 2016/17 Code of Practice. The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. |
| 1.05 | The draft accounts includes the Annual Governance Statement which explains how the Council has complied with the Code of Corporate Governance and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014. The Committee received a separate report on the Annual Governance Statement at its June 2017 meeting providing an opportunity for Member scrutiny before its inclusion within the draft accounts. |
| 1.06 | The 2016/17 Code prompted significant changes to the way the Council's Financial Statements are presented. The format of the Comprehensive Income and Expenditure Statement has changed, the statement is now presented in line with the Council's reporting segments (service portfolios) in revenue budget monitoring reports rather than the standard prescribed categories previously required under the Code. |

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| | <p>A new principal statement has been introduced called the Expenditure and Funding Analysis which is produced per service portfolio and shows; annual expenditure incurred and how expenditure has been funded from resources available to the Council. This is compared with the same information presented in the Comprehensive Income and Expenditure Statement in accordance with generally accepted accounting practices. The aim of the changes is to strengthen the link between in year budget monitoring reports and the Statement of Accounts.</p> |
| 1.07 | <p>Arrangements have been made for Statement of Accounts 'drop in' sessions in early September (subject to discussion at Audit Committee), in order for any Member to obtain any further required information regarding the draft accounts, or to raise questions prior to consideration of the final position at the end of September. Dates have been provisionally booked in the Member calendar for Monday 4th September at 10am and Thursday 7th September at 2pm.</p> <p>Members can also discuss any aspect of the Statement of Accounts with Officers or the Wales Audit Office throughout July, August and September prior to the final audited version being brought back to the Committee for their recommendation to Council for final approval on 27th September 2017.</p> |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | Financial implications are as set out in the report. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | None required and none undertaken. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>The main risk is the Council not being able to meet its statutory deadlines for producing the accounts. This being; 30th June for draft accounts signed by the Responsible Finance Officer – which has already been met, and 30th September for publishing the final version of the accounts which has been externally audited, by the WAO in Flintshire's case.</p> <p>To mitigate this risk Officers have already been working closely with the WAO in preparing for the financial audit and will continue to do so during July and August to resolve queries arising. Progress will continue to be overseen by the Accounts Governance Group, a group of senior officers including the Chief Executive, Monitoring Officer and Section 151 Officer.</p> |

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| 5.00 | APPENDICES |
| 5.01 | 1. Draft Statement of Accounts 2016/17 |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>Contact Officer: Liz Thomas – Technical Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@flintshire.gov.uk</p> |

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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>Financial Audit: The annual external audit of the Council’s Statement of Accounts.</p> <p>Financial Year: the period of 12 months commencing on 1 April</p> <p>Material: A concept used to inform judgements regarding the accuracy of the Council’s Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.</p> <p>Statement of Accounts / Final Accounts / Financial Accounts or Statements: The Council’s annual finance report providing details of the Council’s financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p> <p>Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> |