



Statement of Accounts 2017/18 (Draft subject to Audit)

Audit Committee

11th July 2018

To be Covered

- » Purpose and Background of the Accounts
- » Contents and Overview
- » Responsibility for the Accounts
- » Links to Budget Monitoring Report
- » Headline Figures
- » Changes to the Accounts for 2017/18
- » Principal Statements
- » Accounts Governance Group
- » Progress in addressing prior year issues
- » Timeline and Next Steps
- » Impact of Earlier Deadlines on Materiality

Purpose and Background of the Accounts

- » Provide clear information to all interested parties about the Council's finances.

- » Information includes:
 - » Costs of providing services in the year of account
 - » How those costs have been funded
 - » Assets and Liabilities at year end

- » Prescribed format and style to enable comparisons with other Local Authorities and other organisations.

- » Aimed at 'the Reader'

Contents and Overview

- » Narrative Report
- » Statement of Responsibilities
- » Core Statements
- » Notes to the Core Statements
- » Housing Revenue Account (HRA) Statements and Notes
- » Statement of Accounting Policies
- » Group Accounts
- » Independent Auditor's Report
- » Annual Governance Statement

Responsibility for the Accounts

- » **Statement does not belong to Finance**
- » **Corporate document – “owned” by every Member and Officer of the Council**

- » **Statement of Responsibilities**
 - » Authority
 - » Chief Finance Officer

- » **Statement of Accounts is signed by:**
 - » Chair of the Council
 - » Chief Finance Officer

Links to Budget Monitoring

» **Statement of Accounts**

- » Financial Accounting
- » Externally focused reporting
- » Style reflective of the Code of Practice, Regulations, and Accounting Standards.

» **Budget Monitoring**

- » Management Accounting
- » Internally focused reporting on performance against budget
- » Style reflects the Council's reporting needs – locally determined

Headlines – Council Fund

Net expenditure of £253.575m (Budget of £255.156m)

Spend less than budget by £1.581m

Increased by £0.526m to £2.107m due to Council Tax income higher than budgeted

Change to MRP Policy – positive impact of £1.422m leaving an Operating Surplus of £0.685m

Headlines – Reserves at Year End

	£m 2017/18	£m 2016/17
Council Fund (Unearmarked) Balance	13.697	10.953
Earmarked Reserves	13.591	18.969
Schools	1.285	1.556
Total	28.573	31.478

Headlines - Capital

	£m	£m	£m	%
	Budget	Outturn	Over / (Under) Spend	Budget v Outturn
Council Fund	29.371	27.608	(1.763)	94%
HRA	29.772	29.772	(0.000)	100%
Total	59.143	57.381	(1.763)	97%

Headlines – Housing Revenue Account

» Revised budget (gross expenditure)	£32.517m
» Spend above budget	£0.101m
» Income above budget	£0.101m
» Net spend above budget	£0.000m
» Closing balance as at 31.3.2017 (General and specific HRA reserves)	£1.918m
» % of revised budgeted expenditure	5.90%



Financial Performance Indicators

» **Efficiency Planning**

- » Target £8.433m (95%)
- » Achieved £7.967m (94%)

» **Annual Budget Management**

- » Target of +/- 0.5% of Budget (£1.275m)
- » Outturn of -0.27% of Budget exc MRP (£0.685m)

» **HRA – Unearmarked Reserves as % of budget**

- » Target £1.009m (3%)
- » Outturn £1.116m (3.3%)

Changes to the Accounts for 2017/18

- » One significant changes in 2017/18
- » Up until 2016/17 it was a requirement that the Accounts included Clwyd Pension Fund Accounts
- » Changes to the regulations for 2017/18 mean that this is no longer the case
- » The Pension Fund accounts now follow a different approval route
 - » Considered at Pension Committee 13th June 2018
 - » Considered at Audit Committee on 11th July 2018
 - » Approved at Pension Committee on 5th September 2018
- » No other significant changes in 2017/18.

Principal Statements (1)

- » **Comprehensive Income & Expenditure Statement -**
Shows the cost in year of providing services and how those costs have been funded.
- » **Movement in Reserves Statement - Analysed into 'usable' and other 'unusable' reserves.**
 - » 'usable' can be applied to provide services or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on use. Includes capital and revenue reserves.
 - » 'unusable' reserves hold; unrealised gains and losses, or timing differences.

Principal Statements (2)

- » **Balance Sheet - Shows the value as at 31st March of the assets and liabilities held by the Authority**
- » **Net assets matched by total reserves**

	£m	£m
Assets	821	
Liabilities	<u>(706)</u>	
Net Assets	<u>115</u>	
Usable Reserves		49
Unusable Reserves		<u>66</u>
Total Reserves		<u>115</u>

Accounts Governance Group

- » Group of senior officers established to oversee and support the production of the Statement of Accounts at a strategic level.
- » Group has been very effective, resulting in positive benefits including:
 - » Ability to raise issues for escalation and resolution at an early stage
 - » Raising awareness of, and increasing collective responsibility for, the Statement of Accounts
- » Group will continue to meet through the audit period with Wales Audit Office representation

Progress in Addressing Prior Year Issues

- » The Council has removed a number of non material disclosures and has attempted to streamline the statement of accounts as far as possible.

Timeline and Next Steps

CFO approves draft accounts	15th June
Audit Committee considers draft (approval not required at this stage)	11 th July
External audit commenced	1 st July
Accounts Available for Public Inspection	3 rd – 30th July
External audit report findings to those charged with governance and issue opinion (Audit Committee and Council)	12th September
Final audited Accounts approved by Audit Committee (AM) Council (PM)	12th September
Opinion signed by Auditor General	15th September
Audited Accounts published	15th September

Impact of Earlier Deadlines on Materiality

- » Accountants and Auditors focus on the risk to the Accounts of material misstatement
- » Materiality – by value or by nature
- » Material misstatements - those that might result in a reader of the accounts being misled
- » Deadlines for publishing Accounts are being brought forward:

2018/19	Draft 15 th June	Final 15 th Sept
2020/21	Draft 31 st May	Final 31 st July

- » To meet tighter deadlines the Accounts will have to be produced with more reliance placed on estimated data and the concept of being materially correct.