

AUDIT COMMITTEE

Date of Meeting	Wednesday 12 September 2018
Report Subject	Statement of Accounts 2017/18
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the;

- Final version of the Flintshire County Council Statement of Accounts 2017/18 incorporating those changes agreed with Wales Audit Office (WAO) during the course of the audit for Members recommendation to Council.
- WAO's International Standards on Auditing (ISA) 260 report on the audit of the Statement of Accounts 2017/18 for Flintshire County Council.
- Letter of Representation for Flintshire County Council.
- Copy of the report, Statement of Accounts 2017/18 and ISA 260 report agreed by the Pensions Committee on 5th September 2018 which approved the Clwyd Pension Fund Statement of Accounts 2017/18.

RECOMMENDATIONS

1	Members are requested to recommend the final version of the Statement of Accounts 2017/18 for approval by County Council.
2	Members are requested to consider the WAO ISA 260 presentation.
3	Members are requested to recommend the Letter of Representation for acceptance by County Council.

REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS
1.01	The Audit Committee received the draft Statement of Accounts 2017/18 on 11th July 2018, for information only at that stage. The Accounts and Audit (Wales) Regulations 2018 specify the statutory deadline for the approval of the Statement as 30th September. However, in order to prepare for the revised date of 15 th September which is effective for the 2018/19 Statement of Accounts, Flintshire brought forward its approval date for its Statement of Accounts 2017/18 to 15 th September 2018.
1.02	The audit of the Statement of Accounts 2017/18 is now substantially complete, although the audit continues up until the point at which the accounts are signed off by the auditors.
1.03	A copy of the Statement of Accounts 2017/18 incorporating those changes agreed with WAO during the course of the audit and up to the point of writing this report is attached at Appendix 1.
1.04	Various questions/queries were raised by Members in connection with the draft Statement of Accounts as presented at Audit Committee on 11th July. Responses to all matters raised have been provided to Members of the Audit Committee. There has also been an opportunity for Members to contact Officers to raise further queries or seek further explanation. No further questions were raised over the summer period.
	<u>Wales Audit Office's audit of the Statement of Accounts</u>
1.05	Under the ISA 260, WAO is required to communicate relevant matters relating to the audit of the Statement of Accounts to those charged with governance, which for Flintshire is the County Council with responsibility for scrutiny delegated to the Audit Committee.
1.06	Officers from the WAO will be in attendance to present the ISA 260 report at the meeting. This year, this will take the form of a presentation to the meeting rather than a hard copy report. Members will have received a copy of the presentation with the reports pack for this meeting. This new approach is intended to make the ISA 260 report more accessible to Members.
1.07	Attached as Appendix 2 to this report is a table which includes details of significant issues arising from the audit, together with explanations from WAO and the impact of corrections made to the draft Statement of Accounts 2017/18.
1.08	It is usual within the course of the audit of any organisation that items will be brought to the attention of the body being audited, in this case Flintshire County Council. The audit findings have been discussed in detail with the WAO, and where it has been considered appropriate adjustments have been reflected in the Statement of Accounts.

1.09	The Letter of Representation requires the Council to confirm the accuracy of the audit. In this letter, the Council confirms to the WAO that all the information contained within the financial statements is true and accurate and that all information has been disclosed.
1.10	The Letter of Representation for Flintshire County Council is included at Appendix 3.
	<u>The Council's response to the audit findings</u>
1.11	<p>It is reassuring that the WAO are reporting that the Council's draft Statement of Accounts were prepared to a good standard with comprehensive working papers.</p> <p>The role of the Accounts Governance Group in overseeing the production of the Statement of Accounts has worked very effectively over the past two years and it will continue to operate in future years. This will be important in managing the risks and challenges posed by the impending change to statutory deadlines for preparing and publishing local government accounts. Earlier deadlines of the end of May for preparing and the end of July for publishing are being introduced by Welsh Government for financial year 2020/21.</p>
1.12	<p>One issue which requires the attention of the Audit Committee is the need to update the accounting policy for accruals of income and expenditure. Previously the policy excluded annual payments from the usual accruals process but this is not the practice actually followed in preparing the Statement of Accounts 2017/18. The reference to the exclusion has therefore been removed in this accounting policy shown on page 69 of the Statement.</p> <p>The Council will continue to monitor all its accounting policies to ensure that they remain in line with best practice.</p>
1.13	In their report on the 2016/17 accounts WAO identified an issue in relation to the number of non-material disclosures included in the Statement of Accounts. The Technical Finance Team have worked with WAO to reduce the number of such disclosures included in the Statement of Accounts 2017/18, and this work will continue to identify any other opportunities for further reduction. This is particularly pertinent in light of the risks resulting from early closure.
	<u>Audit of the Clwyd Pension Fund 2017/18</u>
1.14	Under changes to the Accounts and Audit (Wales) Regulations 2018, it is no longer a requirement for the Statement of Accounts of Clwyd Pension Fund to be approved by Flintshire County Council. The Pension Fund Statement of Accounts 2017/18 was considered by the Pension Committee on 5 th September 2018. However, it is still considered good practice for the Audit Committee to receive it for information and completeness. A draft version was presented to the Audit Committee on 11 th July 2018 for information. The suite of reports and appendices presented to the Pensions Committee on 5 th September are included at Appendix 4 (covering report), Appendix 5 (Statement of Accounts) and Appendix 6 (WAO ISA 260 report).

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications as a result of this report.

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

4.00	RISK MANAGEMENT
4.01	Actions will be taken in year (2018/19) to address recommendations from the WAO's report as outlined within the body of the report.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Statement of Accounts 2017/18. 2. Table of significant audit issues. 3. Flintshire County Council Letter of Representation. 4. Report to Pension Committee 5th September 2018. 5. Clwyd Pension Fund Statement of Accounts 2017/18. 6. WAO Clwyd Pension Fund ISA 260.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Paul Vaughan– Interim Technical Finance Manager. Telephone: 01352 702219. E-mail: paul.vaughan@flintshire.gov.uk</p>

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>

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.

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.