

**FLINTSHIRE COUNTY COUNCIL**

<b>Date of Meeting</b>	Wednesday 12 September 2018
<b>Report Subject</b>	Statement of Accounts 2017/18 and Supplementary Financial Information to Statement of Accounts 2017/18
<b>Report Author</b>	Corporate Finance Manager

**EXECUTIVE SUMMARY**

The report presents the:

- Final version of the Statement of Accounts 2017/18 incorporating those changes agreed with Wales Audit Office (WAO) during the course of the audit for Member approval (Appendix 1).
- WAO's presentation in connection with the audit of the Statement of Accounts 2017/18 (Appendix 4).
- Letter of Representation for Flintshire County Council (Appendix 3).
- Supplementary information to the Statement of Accounts 2017/18 on full time equivalent pay, in excess of £60,000, as requested by a notice of motion approved by Council on 29<sup>th</sup> January 2013 (Appendix 5).

WAO presented their report in full to the Audit Committee on the morning of the 12<sup>th</sup> September 2018, and will be in attendance at the meeting to present their findings to Council.

If the Audit Committee recommend any changes to the Statement of Accounts or wish to make any specific comments to Council, these will be reported verbally at the meeting.

**RECOMMENDATIONS**

1	Council approve the final version of the Statement of Accounts 2017/18.
2	Council accept the Letter of Representation.

3	Council note the Supplementary Financial Information to the Statement of Accounts 2017/18.
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## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE STATEMENT OF ACCOUNTS</b>
1.01	The annual statutory deadline for the approval of the Statement of Accounts is currently 30 <sup>th</sup> September. The audit of the Statement of Accounts 2017/18 is now substantially complete. The statutory audit completion notice will be reported in due course. A copy of the Statement of Accounts 2017/18 is attached at Appendix 1.
1.02	The regulations under which the Statement of Accounts is prepared are changing with effect from financial year 2018/19, which means that the accounts need to be approved by 15 <sup>th</sup> September. The Statement of Accounts 2017/18 has been successfully prepared to this earlier deadline as preparation for 2018/19.
1.03	WAO presented the ISA (International Standards on Auditing) 260 report to the Audit Committee on 12 <sup>th</sup> September 2018. ISA 260 requires the auditor to communicate relevant matters relating to the audit of the financial statements to those charged with governance of the entity. This year the report takes the form of a presentation, as a means of improving accessibility to the report. A copy of the presentation is attached at Appendix 4.
1.04	During the audit, changes agreed with WAO were made to the draft Statement of Accounts 2017/18, and those which are reportable under ISA 260 are shown in Appendix 2.
1.05	If the Audit Committee recommends any changes to the Statement of Accounts 2017/18 or wishes to make any specific comments to Council, these will be reported verbally at the meeting.
1.06	The Flintshire County Council Letter of Representation to the WAO is attached at Appendix 3. In the Letter of Representation the Council confirms that the information contained in the financial statements is true and accurate and that all information has been disclosed.
	<b><u>Supplementary Financial Information to the Statement of Accounts 2017/18</u></b>
1.07	Flintshire County Council approved the following Notice of Motion on 29 <sup>th</sup> January 2013:  “In the interests of openness and transparency, this Motion calls for the Council to publish a separate supplementary report to coincide with and accompany the presentation to Council of the Annual Statement of Accounts.  This supplementary report to contain, in the same style and presentation as

	<p>the existing ‘Senior Employee Emoluments – Salary over £150,000’ and ‘Salary over £60,000 per year’, the same financial information for ALL council employees, consultants and ‘non-permanent posts’ with a salary over £60,000 per year who are NOT listed within the existing framework of the Annual Statement of Accounts.</p> <p>In instances where those employees are in post for less than the financial year, then both their actual salary and equivalent annualised salary are to be shown.”</p> <p>The information for 2017/18 in response to the Notice of Motion was presented to the Audit Committee at its meeting on 11<sup>th</sup> July 2018. The Committee had no observations or matters to draw to Council’s attention.</p>
1.08	<p>Appendix 5 contains the information requested above in respect of the financial year 2017/18.</p> <p>For clarity the information has been split into the three categories below, which are described in the following paragraphs:</p> <ul style="list-style-type: none"> <li>• Table 1 – Council employees</li> <li>• Table 2 – Posts covered by interim or temporary arrangements</li> <li>• Table 3 – Payments to consultants and non-permanent posts.</li> </ul>
1.09	<p>Table 1 contains costs (including termination benefits where applicable) for council employees only. For the purpose of this report council employees have been defined as permanent members of staff paid via Flintshire County Council’s payroll system.</p> <p>As the Notice of Motion requests, the detail of any council employee already included in the Senior Employee Emoluments note in the Statement of Accounts 2017/18 has not been included.</p>
1.10	<p>Table 2 shows the number of interim or temporary arrangements in place to cover posts during 2017/18. Where such arrangements are in place, the Council has procured the services of individuals to fulfil the requirements of the post through a contract with another organisation. The Council paid the organisation, and that organisation employed and paid a salary to the individual. Please note these amounts do not reflect the individuals’ salaries.</p>
1.11	<p>Table 3 contains payments made for consultants and non-permanent posts. It is important that Members note that actual costs incurred by the Council in 2017/18 are in bold in the third column in table 3.</p> <p>The fourth column, theoretical annual costs, has been supplied to provide an equivalent annualised salary as requested by the Notice of Motion. Figures have been calculated by taking the daily (or hourly costs in some cases) and grossing up assuming a 37 hour standard week and that 48 weeks per year are worked. As is clear from the difference between both columns the staff were in post for significantly less than a year.</p>
1.12	<p>The Council has adopted the following definition to describe a consultant, as agreed at Corporate Resources Overview and Scrutiny Committee in</p>

	<p>March 2016:</p> <p>“A consultant is an organisation or an individual contracted to provide specific services to the Council for a limited period of time. These are services where the Council does not have the expertise ‘in-house’ to be self-sufficient or where the Council has some expertise but insufficient capacity. It is not possible for the Council to be wholly self-sufficient and it would be a poor use of resources to employ specialist individuals to maintain an internal expertise which is only required occasionally or indeed once.”</p> <p>Consultants are classified into 2 groups:</p> <ul style="list-style-type: none"> <li>• Retained consultant: with a contract in place for the periodic provision of advice; and</li> <li>• Project consultant: to work on defined and time limited projects on strategy, structure or management.</li> </ul>
1.13	<p>The Notice of Motion specifically requests information on salaries of consultants and non-permanent posts.</p> <p>Amounts have been taken from the general ledger based on codes used to categorise on the basis of the ‘Retained Consultant’, ‘Project Consultant’ and agency workers definitions. These will be on an accruals rather than a cash basis, therefore relating to costs of services provided during the year, rather than amounts physically paid during the year.</p>
1.14	<p>Flintshire County Council leads on a number of collaborative projects with partner Local Authorities, examples being the North Wales Regional Waste Treatment Project and Regional Emergency Planning Service. Members are advised that the information supplied in Appendix 5 does not include the costs of any individual working for joint arrangements, given that the expenditure has been incurred by the partnership and not Flintshire County Council. Joint arrangements that are set up as Joint Committees publish their own separate accounts.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Financial implications are as set out in the report. There are no other resource implications as a result of this report.

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

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Actions will be taken in the current year (2018/19) to address

	recommendations from the WAO's report.
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<b>5.00</b>	<b>APPENDICES</b>
5.01	<ol style="list-style-type: none"> <li>1. Statement of Accounts 2017/18.</li> <li>2. Table of significant audit issues.</li> <li>3. Flintshire County Council Letter of Representation.</li> <li>4. WAO ISA 260 presentation.</li> <li>5. Supplementary Financial Information to Statement of Accounts 2017/18.</li> </ol>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer:</b> Paul Vaughan, Interim Technical Finance Manager.  <b>Telephone:</b> 01352 702289.  <b>E-mail:</b> <a href="mailto:paul.vaughan@flintshire.gov.uk">paul.vaughan@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Financial Audit:</b> The annual external audit of the Council's Statement of Accounts.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p> <p><b>Statement of Accounts / Final Accounts / Financial Accounts or Statements:</b> 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><b>Wales Audit Office:</b> 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>