

FLINTSHIRE COUNTY COUNCIL

Date of Meeting	Wednesday 27 th September 2017
Report Subject	Statement of Accounts 2016/17 and Supplementary Financial Information to Statement of Accounts 2016/17
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

The report presents the:

- Final version of the Statement of Accounts 2016/17 incorporating those changes agreed with Wales Audit Office (WAO) during the course of the audit for Member approval (Appendix 1).
- WAO's reports in connection with the audit of the 2016/17 financial statements for Flintshire County Council and the Clwyd Pension Fund (Appendices 2 and 3).
- Letters of Representation for Flintshire County Council and the Clwyd Pension Fund for Member approval (Appendices 4 and 5).
- Supplementary information to the Statement of Accounts 2016/17 on full time equivalent pay, in excess of £60,000, as requested by a notice of motion approved by Council on 29th January 2013 (Appendix 6).

WAO presented their reports in full to the Audit Committee on the morning of the 27th September 2017, and will be in attendance at the meeting to summarise 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 2016/17.
2	Council approve: the Letter of Representation - Flintshire County Council; and the Letter of Representation - Clwyd Pension Fund.
3	Council note the Supplementary Financial Information to the Statement of Accounts 2016/17.

REPORT DETAILS

1.00	EXPLAINING THE STATEMENT OF ACCOUNTS
1.01	The statutory deadline for the approval of the Statement of Accounts is 30 th September. The audit of the 2016/17 accounts has now been substantially completed. The statutory audit completion notice will be reported in the press in due course.
1.02	As part of the final accounts process, WAO presented to the Audit Committee on 27 th September 2016 the ISA 260 reports 'Audit of the Financial Statements - Flintshire County Council' and 'Audit of the Financial Statements - Clwyd Pension Fund', attached as Appendices 2 and 3 respectively. The ISA (International Standards on Auditing) 260 requires the auditor to communicate relevant matters relating to the audit of the financial statements to those charged with governance of the entity.
1.03	During the audit, changes were made to the draft Statement of Accounts agreed with WAO and these have been incorporated into the document attached (Appendix 1).
1.04	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.
1.05	The Letter of Representation - Flintshire County Council, and the Letter of Representation - Clwyd Pension Fund are attached as Appendices 4 and 5 respectively. The Letter of Representation requires the Council to confirm the accuracy of the audit. In such letters, 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.
	<u>Supplementary Financial Information to Statement of Accounts 2016/17</u>
1.06	Flintshire County Council approved the following Notice of Motion on 29 th January 2013: <i>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.</i>

	<p><i>This supplementary report to contain, in the same style and presentation as 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.</i></p> <p><i>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.</i></p> <p>The information was presented to the Audit Committee at its meeting on 19th July 2017. The Committee had no observations or matters to draw to Council’s attention.</p>
1.07	<p>Appendix 6 contains the information requested above in respect of financial year 2016/17.</p> <p>For clarity the information has been split into 3 categories described in paragraphs below:</p> <ul style="list-style-type: none"> • Table 1 – Council Employees • Table 2 – Posts covered by interim or temporary arrangements • Table 3 – Payments to Consultants and Non-Permanent Posts
1.08	<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 2016/17 has not been included.</p>
1.09	<p>Table 2 shows the number of interim or temporary arrangements in place to cover posts during 2016/17. 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. Table 2 shows the amounts paid to those organisations for such arrangements in 2016/17. Please note these amounts DO NOT reflect the individuals’ salaries.</p>
1.10	<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 2016/17 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 majority were in post for significantly less than a year.</p>

1.11	<p>The Council has adopted the following definition to describe a ‘consultant’. Corporate Resources Overview and Scrutiny Report extract – March 2016 <i>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.</i></p> <p>Consultants are classified into 2 groups:</p> <ul style="list-style-type: none"> • <i>Retained consultant: with a contract in place for the periodic provision of advice; and</i> • <i>Project consultant: to work on defined and time limited projects on ‘strategy, structure or management.’</i>
1.12	<p>The Notice of Motion specifically requests information on salaries of consultants and non-permanent posts.</p> <p>Figures have been taken from the general ledger on codes used for consultancy that are categorised on the basis of the ‘Retained Consultant’ and ‘Project Consultant’ definitions and agency workers. 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>
1.13	<p>Flintshire County Council leads on a number of collaborative projects with partner Local Authorities, examples include; the North Wales Regional Waste Treatment Project, and Regional Emergency Planning service. Members are advised that the information supplied in appendix 6 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>

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are as set out in the report. There are no other 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 (2017/18) to address recommendations from the WAOs reports.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Statement of Accounts 2016/17 2. Audit of the Financial Statements – Flintshire County Council 3. Audit of the Financial Statements – Clwyd Pension Fund 4. Letter of Representation – Flintshire County Council 5. Letter of Representation – Clwyd Pension Fund 6. Supplementary Financial Information to Statement of Accounts 2016/17

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>None.</p> <p>Contact Officer: Liz Thomas – Technical Finance Manager Telephone: 01352 702289 E-mail: liz.thomas@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> <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>