

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 27 June 2018
<b>Subject:</b>	Draft Statement of Accounts 2017/2018		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>			
<b>Is this a Key Decision:</b>	N	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	N		

**Summary:**

To present the draft unaudited 2017/2018 Statement of Accounts for consideration.

**Recommendation(s):**

- (1) Receive and consider the draft 2017/2018 Statement of Accounts and provide feedback to officers on the issues identified;
- (2) Note the timetable for the completion of the external audit that will be conducted by Ernst and Young LLP; and
- (3) Confirm the arrangements and nature of the briefing session that will be conducted on the final audited statements in advance of the July meeting of this committee.

**Reasons for the Recommendation(s):**

The Council, or nominated Committee charged with responsibility for Governance, must approve the Statement of Accounts. The Audit and Governance Committee has been delegated with this responsibility and is required to approve the audited Accounts for 2017/2018 by the 31 July 2018. The draft Statement of Accounts for 2017/2018 is presented to this Committee so they can be considered in advance of the final audited version being presented for approval in July 2018.

**Alternative Options Considered and Rejected:** (including any Risk Implications)  
None

**What will it cost and how will it be financed?**

**(A) Revenue Costs**  
None

**(B) Capital Costs**

None

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> None
<b>Legal Implications:</b> None
<b>Equality Implications:</b>  There are no equality implications

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Head of Corporate Resources has been involved in the preparation of this report. (FD 5189/18).

The Head of Regulation and Compliance (LD 4413/18) has been consulted and has no comments on the report.

**(B) External Consultations**

None

**Implementation Date for the Decision**

Immediately following the Committee.

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**Appendices:**

The following appendices are attached to this report:

Draft Statement of Accounts 2017/2018

**Background Papers:**

There are no background papers available for inspection.

## 1. Background

- 1.1 Since 2010/2011 the Audit and Governance Committee is only required to approve the Statement of Accounts following the completion of the Audit. This has traditionally taken place at the meeting of this Committee in September (approval and publication of the audited Statement of Accounts was required by 30 September). However, the deadline for approving the Statement of Accounts from 2017/2018 onwards is now 31 July. Therefore a special meeting of this committee has been arranged for 25 July 2018 to consider and approve the Statement of Accounts for 2017/2018.
- 1.2 Last year, the 2016/2017 draft Statement of Accounts was presented to the June Committee to provide Members with additional time to consider the key aspects of the accounts in advance of the meeting to approve the accounts. The 2017/2018 Statement of Accounts are being presented to this Committee to also allow additional time for consideration.
- 1.3 A final version will be produced in July following the conclusion of the audit by Ernst & Young (EY). Any changes made will be highlighted in the accompanying report. It should be noted that in recent years there haven't been a significant number of changes between the draft version and the final audited version.

## 2 The Content of the Statement of Accounts

- 2.1 The 2017/2018 Statement of Accounts is an important document, which aims to provide clear information about the Authority's finances for the year and is intended to answer:
  - What the Authority's services cost for the year?
  - Where the money comes from to pay for these services?
  - What were the Authority's assets and liabilities at the year-end?
- 2.2 On 2 March 2017 the Council approved a revenue budget for 2017/2018 of £204.105m which included £0.921m relating to the expenditure of Parish Councils.
- 2.3 As a result, it was previously reported that balances for non-school budgets would total £7.209m at 31 March 2018; i.e. the assumption was that balances would reduce by £0.894m. The outturn for 2017/2018 shows that a net underspend of £1.923m has been achieved against this budget. This has therefore increased General Fund Balances by £1.029m rather than the reduction of £0.894m that was estimated, leaving balances at £9.132m at 31 March 2018.
- 2.4 The Statement of Accounts (attached as an **Annex**) is also important in:-
  - Demonstrating proper stewardship of public monies;
  - Providing evidence of the quality and robustness of the Authority's financial systems and processes;

- Indicating that current financial performance, monitoring and the Medium Term Financial Plan are integrated processes which will assist the Council in improving its financial standing;
- Providing the key financial information, which will enable future plans and decisions to be made on the basis of known facts and available financial resources; and
- Providing a key line of communication to stakeholders on the Council's current financial performance. The draft Statement of Accounts will be available online on Sefton's website from the beginning of July.

2.5 The Statement of Accounts includes a Narrative Report, which focuses on the most significant matters reported in the document. A brief explanation of each Section is also provided (highlighting what it is intended to show) to aid the understanding of the Accounts.

2.6 For 2017/2018 there have been no significant changes to how the Statement of Accounts are produced or presented.

2.7 It is acknowledged that the Accounts contain a large volume of information and in some areas are technical in nature. For the 2016/2017 Statement of Accounts Members of the Committee received a briefing on key aspects of the audited and final statements in advance of the meeting in September when approval was sought. Members' views are sought on whether they want a similar briefing directly before the July meeting or how else they would like to be engaged and at what point in time in order to gain maximum benefit.

### **3 Valuation of the Strand Shopping Centre**

3.1 Valuations of assets in the Balance Sheet are undertaken by the Council's own in-house valuers. However, due to the complex nature of the work required to undertake a valuation of a shopping centre, officers decided to engage external valuers who have experience in this area. At the time of the publication of the draft Statement of Accounts the valuation had not been finalised. Therefore the draft accounts include the value of the Strand at cost less an allowance for depreciation during 2017/2018.

3.2 At the time this report was published the valuation was still being finalised. However, it is expected to be received prior to the date of this committee so the impact on the figures included in the draft Statement of Accounts will be circulated at the committee meeting.