



Governance & Audit
Committee

24 July 2018

Subject: Audited Statement of Accounts 2017/18

Report by:

Chief Finance Officer

Contact Officer:

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Purpose / Summary:

The 2017/18 Statement of Accounts is presented for scrutiny and adoption.

RECOMMENDATIONS:

- 1) That Members review the attached Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.
- 2) That Members approve the Statement of Accounts for 2017/18.
- 3) That Governance & Audit Committee permit the Section 151 Officer and the Chairman of this Committee to certify the letter of representation to our Auditor, KPMG, on completion of the audit.

IMPLICATIONS

Legal:

None arising from this report.

Financial: FIN/57/18/TJB

The Revenue out-turn 2017/18 reflected a gross surplus of £0.432m, which was transferred to the General Fund Balance.

Capital Investment totalled £6.534m

In respect of Useable Reserves, we remain in a healthy position with balances detailed below;

- General Fund working balance totals £3.914m, (£4.839m 2016/17)
- General Fund Earmarked reserves total £12.635m, (£13.334m 2016/17)
- Capital receipts total £3.015m (£2.895m 2016/17)
- Capital Grants unapplied £0.368m (£0.154m 2016/17)

A number of financial performance ratios are contained within the report which illustrate that the Council remains in a sustainable and healthy financial position.

Staffing :

None arising from this report.

Equality and Diversity including Human Rights :

*NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.*

Risk Assessment :

None arising from this report.

Climate Related Risks and Opportunities :

None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Code of Practice on local authority accounting in the United Kingdom 2017/18.
Code of Practice on Local Authority Accounting in the United Kingdom –
Guidance notes for practitioners 2017/18 Accounts.
The Accounts and Audit (England) Regulations 2015
Papers are located in the Financial Services section, Guildhall

Call in and Urgency:

Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?

Yes No

Key Decision:

Yes No

1 Introduction

- 1.1 The Statement of Accounts for 2017/18 (Appendix A) has been prepared under the International Financial Reporting Standards based Code of Practice on Local Authority Accounting (the Code).
- 1.2 Following the Accounts and Audit Regulations 2015 the Council's Statement of Accounts, subject to audit, must be certified by the Chief Finance Officer and published before the 31th May. Following completion of the external audit the Council must formally approve the accounts before the 31 July.
- 1.3 This Committee is responsible for the approval of the Statement of Accounts and any material amendments of the accounts recommended by the auditors.
- 1.4 The Annual Governance Statement (AGS) can be published separately or can 'accompany' the Statement of Accounts in the same document. This Committee, on 27 June 2011 resolved to continue to publish one document, clearly identifying that these are separate statements.
- 1.5 This Committee approved the Annual Governance Statement at its meeting on 19 June 2018.
- 1.6 As part of the external audit process the Chairman of this Committee and the Chief Finance Officer have provided written assurance to the auditors on a number of matters relating to the processes in place to prevent, detect and report fraud.
- 1.7 Following the certification of the accounts on 31 May 2018 by the Chief Financial Officer our auditors (KPMG) have carried out

their final accounts audit. This has resulted in a small number of presentational amendments.

- 1.8 There have been no identified audit adjustments requiring accounting entry corrections.
- 1.9 The Finance Team, have succeeded in their aim of delivering an Unaudited Statement of Accounts for certification by 31 May 2018.

2 Amendments to the Statement of Accounts since 31 May 2018.

- 2.1 There has been no material misclassifications in 2017/18
- 2.2 The auditors identified a small number of presentational changes to the Statement of Accounts. The Statement of Accounts that were originally certified by the Chief Finance Officer and published have now been updated accordingly.
- 3.2 There have been no events after the reporting period to declare.

3 Financial Performance Indicators 2017/18

- 3.1 Taking information from the main Statements within the Accounts i.e. the Income and Expenditure Account, the Movement in Reserves and the Balance Sheet, the following financial performance indicators have been derived and are provided in the table below, providing a view of the Council's financial stability and health.
- 3.2 The Council remains in a healthy position with good levels of reserves and the ability to meet its liabilities. The pension fund is not an immediate concern, however it does have an impact on the level of finances in the future, as shown by the movement over the last two years.

PERFORMANCE INDICATORS	2016/17	2017/18
Liquidity Ratio	6.43%	4.05%
<i>A ratio of above 1% reflects the Council can meet its short term obligations</i>		
Working Capital (net current assets)	17,688	13,502
<i>The difference between Current Assets and Current Liabilities. Illustrating the Council has adequate current assets to meet its current liabilities</i>		
Working capital as a % of Actual Net Revenue Expenditure	125.38%	97.17%
<i>Working capital remains near 100% of Net Revenue Expenditure showing we have adequate net current assets to enable continued operations.</i>		
General Fund Reserves as % of Actual Net Revenue Expenditure	128.81%	119.10%
<i>This indicator measures the period over which the Council could continue to operate without using grant and tax income by utilising its reserves. It should be noted that reserves are set aside to mitigate risks and to fund investments. If the use of reserves were to be used to support the revenue budget this would impact greatly on the achievement of the Council's Corporate Plan priorities.</i>		
Total Liabilities as % of Total Assets	90.85%	83.99%
<i>The indicator provides assurance that the Council can meet all its liabilities from its assets</i>		
% Movement In Pension Liability	25.99%	0.82%
<i>The ratio reflects the increase/ (decrease) in pension liability. The movement reflects changes in the actuarial assumptions of such factors as expected rate of return on investments, mortality, future inflation (including pay awards and pension increases), this can have a significant impact on the balance.</i>		
Pension Fund Liabilities as a % of Net Revenue Expenditure	-257.88%	-263.99%
<i>Whilst the Pension Liability may not be an immediate concern it does have an impact on the level of contributions the Council is required to make to repay the Pension deficit.</i>		
% Change in Council Tax Base	2.32%	0.28%
<i>1% growth on the Tax Base generates £57k p.a. of additional Council Tax revenue.</i>		
% Change in Rateable Value (Business Rates)	-0.28%	15.95%
<i>2016/17. In 2017/18 the large increase is due to the revaluation exercise undertaken by the Valuation Office as at 1.4.2017.</i>		
Movement in Fixed Asset Value	5.55%	31.44%
<i>The Council continues to increase its fixed asset value to provide fit for purpose properties and to generate revenue returns through investment in Commercial Property. This is either through enhancements to existing assets, disposal of assets which are not providing value for money, acquisition of new assets and valuation impacts.</i>		

4 Summary

- 4.1 The Statement of Accounts 2017/18 attached at Appendix A reflects all the alterations made as a result of the KPMG's audit. The audit findings reflected in this report will be used to inform the finance team's review of the final accounts process and the identification of improvements.

- 4.2 It is recommended that Members having considered the Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.
- 4.3 Members are requested to approve the Statement of Accounts for 2017/18 and permit the Chief Finance Officer in consultation with the Chairman of this Committee to certify the letter of representation to KPMG on completion of the audit. A copy of the letter can be found at Appendix B.