

FINANCE, AUDIT AND RISK COMMITTEE
12 JUNE 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

20

TITLE OF REPORT: NARRATIVE REPORT AND THE STATEMENT OF ACCOUNTS

REPORT OF : *HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT*

EXECUTIVE MEMBER : *Not an Executive Function*

COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 The Narrative Report within the statement of accounts provides an overview of how the accounts are presented and highlights the most significant matters. This is designed to be the most accessible part of the document. The purpose of presenting the draft Report is to give Members of the Committee a chance to comment on whether the document is accessible and understandable.
- 1.2 There has been a change to the way that the Council is required to present information in the Statement of Accounts. This is known as 'Telling the Story'. The idea of this is to make the accounts more accessible to users.

2. RECOMMENDATIONS

- 2.1 That the Committee note the contents of this report, and provide comments on the draft Narrative Report.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To enable the Committee to review the content of the Narrative Report, as they will be asked to approve the Council's accounts at their meeting in September.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 In previous years the Statement of Accounts (including the Narrative Report) has only been presented to the Committee at its meeting in September. The change is designed to give Members of the Committee a greater chance to comment on a key aspect of the Statement of Accounts.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the Statement of Accounts is not required. Providing a draft of the Narrative Report to this Committee enables Members of the Committee to be more involved.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The Council is legally required to produce a Statement of Accounts detailing the financial activities for the year and overall financial position as at 31 March. These accounts have to be produced by the end of June. The accounts are then made available for public inspection and are also audited by the Council's External Auditors (Ernst and Young).
- 7.2 The accounts have to be prepared in accordance with the Local Authority Accounting Code of Practice, as produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). This sets out requirements and guidance as to what the accounts should contain and how information should be presented.

8. RELEVANT CONSIDERATIONS

- 8.1 The Narrative Report within the statement of accounts provides an overview of how the accounts are presented and highlights the most significant matters. This is designed to be the most accessible part of the document. There is guidance as to what the Narrative Report should contain, but the Council is also able to determine the content that is most relevant. Appendix A contains a draft of the Narrative Report for 2016/17. A lot of the numbers are incomplete as they have not yet been finalised. The purpose of presenting the draft Report is to give Members of the Committee a chance to comment on whether the document is accessible and understandable.
- 8.2 There has been a change to the way that the Council is required to present information in the Statement of Accounts. This is known as 'Telling the Story'. The main change is to the Comprehensive Income and Expenditure Statement (CIES). Previously service income and expenditure has been presented in a way prescribed by CIPFA. It will now be presented in the same way that the Council shows it in its quarterly monitoring reports. There is also a new note to the accounts which provides a link between how the Council is funded, how it sets its budget and the CIES.
- 8.3 When the draft Accounts are made available for public inspection, Members of the Committee will be notified of this and sent a link to where they are published on the Council's website. This will give Members a chance to review the draft Accounts.

9. LEGAL IMPLICATIONS

- 9.1 The Accounts and Audit Regulations 2015 require that the Annual Statement of Accounts be approved and published by the deadline date of 30 September 2017. Members are reminded of the duty to set a balanced budget and to maintain a prudent level of reserves.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report.

11. RISK IMPLICATIONS

- 11.1 The process of compiling the Statement of Accounts is a control mechanism to help mitigate against the risk of poor financial management and is a way the Council can demonstrate to the public how it has managed its resources and acted in its responsibility as a steward of public funds.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The Statement of Accounts in themselves do not generate any equalities implications. The sound management of funds ensures that the Council has sufficient monies to support the improvement of district facilities. By setting and achieving a balanced budget the council seeks to balance resources against the aspirations of the council's objectives.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and "go local" policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource implications arising from this report.

15. APPENDICES

Appendix A - Draft Statement of Accounts Narrative Report.

16. CONTACT OFFICERS

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