

<p style="text-align: center;"><b>FINANCE, AUDIT &amp; RISK COMMITTEE</b> <b>21 SEPTEMBER 2017</b></p>
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<b>PART 1 – PUBLIC DOCUMENT</b>	<b>AGENDA ITEM No.</b>
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**TITLE OF REPORT: STATEMENT OF ACCOUNTS 2016/17**

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT  
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM  
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to ask Finance, Audit and Risk Committee to approve the audited Statement of Accounts for 2016/17. The Annual Statement of Accounts has been subject to external audit and is enclosed with the report as Appendix A.

**2. RECOMMENDATIONS**

- 2.1 That the 2016/17 Annual Statement of Accounts, as set out in Appendix A, be approved and signed by the Chairman.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that any queries raised are addressed before the approval of the Statement of Accounts for 2016/17.
- 3.2 To ensure that the Council abides by the Audit and Account Regulations 2015, which require the approval and publication of the Statement of Accounts by no later than the 30 September.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The Authority is required to prepare an annual Statement of Accounts and must follow accounting practices guidance issued by the Secretary of State and follow 'proper practices' governing the preparation of the annual Statement of Accounts (Section 21 of the Local Government Act 2003).

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 Consultation on the Statement of Accounts is not required. The Executive Member for Finance & IT has been kept informed of the progress of the year end accounts and the audit examination.

## **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision, which has not been notified to the public in the Forward Plan. The public were invited to inspect the accounts in June by way of a notice published on the Council's website.

## **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. The audited statement of accounts for the year 2016/17 is set out in appendix A.
- 7.2 The Council has a statutory responsibility to make copies of the accounts available for public inspection before the auditor gives their opinion. The Statement of Accounts document was published on the Council's website on Friday 23<sup>rd</sup> June 2017 and hard copies were made available in the Customer Service Centre from Monday 26<sup>th</sup> June. Officers did not receive any enquiries from the public during this time and we are not aware that any members of the public visited the Customer Service Centre to view the hard copies available.
- 7.3 The Council's external auditors, Ernst & Young LLP, arrived on the 24th July to start the accounts audit and their report will be presented to Members at this meeting tonight. At the time of writing this report the audit of the accounts was believed to be substantially complete, and a draft audit report has been received. It therefore remains a possibility that issues resulting from the audit may arise before the Committee meeting, if so these will be verbally reported.
- 7.4 Regulation 10 of the Accounts and Audit Regulations 2003, states the accounts should be signed and dated by the Member presiding at the meeting which formally approves the accounts. The Finance, Audit & Risk Committee is delegated to sign off the statutory annual Statement of Accounts.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 The Head of Finance, Performance and Asset Management will have signed the Statement of Responsibilities (page 1 of Appendix A) prior to the meeting. This is to certify that the statement of accounts give a true and fair view of the financial position of the Authority as at 31 March 2017 and its income and expenditure for the year then ended. Following the Committee's approval of the Statement of Accounts, the Head of Finance, Performance and Asset Management will sign the Letter of Representation on behalf of the Council. The wording of the Letter of Representation can be found in appendix D to the Audit Results Report document, which will be presented by Ernst & Young this evening.
- 8.2 As a result of discussion with Ernst & Young during the audit of the accounts, a number of amendments were required to disclosures. The more significant amendments are detailed in the 'audit differences' section of the Audit Results Report prepared by Ernst & Young. All misstatements identified during the audit have been corrected by officers.
- 8.3 The Narrative Report within the statement of accounts provides an overview of how the accounts are presented and highlights the most significant matters. Officers are not aware of any events that have occurred since the year end that provide additional evidence of conditions that existed at the 31 March 2017 or materially affect the

amounts included in the Statement of Accounts. In particular there has not been any subsequent event that would require an amendment to the contingent assets and liabilities listed in the accounts.

- 8.6 The Annual Governance Statement (AGS) will also be approved by Finance, Audit & Risk Committee at this meeting tonight. The Council has a legal duty to ensure that the publication of the Statement of Accounts is accompanied by the publication of the Annual Governance Statement.

## **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. The Revenue and Capital outturn reports were presented to Members in June. These provided the end of year position of the general fund, other reserves and capital expenditure. None of the changes to the Statement of Accounts identified from the audit have resulted in any change to the outturn position reported. The audit of the accounts was completed within budget.

## **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 equalities implications, however, the financial activity reported in the Statement of Accounts would have required consideration of any adverse equalities implications at the time. For example, when considering specific procurements of goods and services, or works, or when considering investment proposals of £50k or more affecting more than two wards.

## **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**

15.1 Appendix A – Audited Statement of Accounts 2016/17.

**16. CONTACT OFFICERS**

16.1 Antonio Ciampa, Accountancy Manager, Tel 474566,  
email [antonio.Ciampa@north-herts.gov.uk](mailto:antonio.Ciampa@north-herts.gov.uk)

16.2 Ian Couper, Head of Finance, Performance and Asset Management, Tel 474243,  
email [ian.Couper@north-herts.gov.uk](mailto:ian.Couper@north-herts.gov.uk)

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**17. BACKGROUND PAPERS**

17.1 Un-audited Statement of Accounts 2016/17 – link below:

<http://www.north-herts.gov.uk/home/council-performance-and-data/budgets-and-spending/statement-accounts>

17.2 Annual Governance Statement 2016/17 – separate item on the same agenda.

17.3 Audit Results Report – separate item on the same agenda.