

## AUDIT COMMITTEE – 22 SEPTEMBER 2017

<b>Title of paper:</b>	Statement of Accounts 2016/17	
<b>Director(s)/ Corporate Director(s):</b>	Geoff Walker Strategic Director of Finance	<b>Wards affected:</b> All
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<b>Other colleagues who have provided input:</b>	Strategic Finance – Technical Team	
<b>Recommendation(s):</b>		
<b>1</b>	The external auditors' report (Appendix A) to those charged with governance is considered	
<b>2</b>	The Statement of Accounts (Appendix B), as attached, is considered and approved for signature by the Chair of the Audit Committee.	
<b>3</b>	The Draft Management Representation Letter (Appendix C) is approved for signature by the Chair of the Audit Committee.	

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Our external auditors (KPMG) have completed the audit of the draft 2016/17 Statement of Accounts (the Statements) and provided their findings in their "report to those charged with governance" (ISA 260). In order to conclude the audit, KPMG are required to present the ISA 260 to the Audit Committee by 30<sup>th</sup> September 2017.
- 1.2 The Accounts and Audit Regulations 2015 require the Audit Committee to approve the Statement of Accounts. The Chair of the Audit Committee and the Chief Finance Officer are then required to sign a Statement of Responsibilities, including approval of the accounts.
- 1.3 As part of the audit, KPMG require the Council to make certain statements in a management representation letter, including confirmation that the statements have been constructed accurately and on an appropriate basis, and that relevant and complete disclosures have been made.

### **2 BACKGROUND**

- 2.1 On the 12 June 2017, the Strategic Director of Finance approved the draft Statement for 2016/17 as giving a true and fair view of the financial position, income and expenditure in accordance with the Accounts and Audit Regulations 2015.
- 2.2 At this point, the Statements were also subject to external audit. This report, along with the ISA260 is intended to help Committee consider any relevant issues before approving the Statements for signature by the Chair of the Audit Committee.

### **3 CHANGES TO THE FORMAT AND CONTENT OF THE ACCOUNTS**

- 3.1 Colleagues continue to review the format and content of the Statement, in order to make improvements and ensure best practice.

There are also new reporting requirements in the 2016/17 Code of Practice as part of CIPFA's 'Telling the Story' project which aims to make the financial statements more understandable for the reader. This has resulted in some significant presentational changes to the accounts to help explain the link between how services are managed during the year and how they are reported in the accounts. The cost of services in the Comprehensive Income and Expenditure Account (CIES) is no longer based on the standard headings in CIPFA's Service Reporting Code of Practice (SERCoP), but is now presented by portfolio to give a clearer link between monitoring reports, out-turn reporting and the financial statements.

A new note to the accounts, the Expenditure and Funding Analysis (EFA) takes the net expenditure that is chargeable to Council Tax (and rents) and reconciles it to the CIES. Together with the Narrative Report, which replaced the Explanatory Foreword last year, the EFA is a key tool in explaining the financial results to stakeholders.

#### **4 AMENDMENTS TO THE STATEMENTS FOLLOWING AUDIT REVIEW**

- 4.1 KPMG have undertaken an audit of the accounts and the ISA 260 report sets out the findings of the 2016/17 Statement of Accounts audit.

Amendments to the accounts have been agreed with KPMG and incorporated into the 2016/17 Statement of Accounts presented to Audit Committee for approval.

There are no changes to the financial statements from the draft published on the website and the intranet, which impact on the General Fund or Housing Revenue Account. There is a reclassification on the Balance Sheet of Short-Term and Long-Term debtors re NET to align these to the balance in the PFI model (£2.858m). There are a small number of presentational changes, including the separating out of the revaluation gain for Council dwellings to show it as an exceptional item on the face of the Comprehensive Income and Expenditure Statement.

- 4.2 A number of minor changes to narratives have been made to the Narrative report and the notes to the accounts to give more clarity for the reader.
- 4.3 Group Accounts have been updated to reflect any changes between draft and final accounts for the Council's group entities.

#### **5 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

- 5.1 Statement of Accounts working papers  
KPMG External Audit Plan 2016/17

#### **6 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 6.1 Code of Practice on Local Authority Accounting in the United Kingdom 2016/17,  
Guidance Notes for Practitioners 2016/17 Accounts,  
The Accounts and Audit Regulations 2015