

AUDIT COMMITTEE – 20 JULY 2018

Title of paper:	Statement of Accounts 2017/18	
Director(s)/ Corporate Director(s):	Laura Pattman Strategic Director of Finance	Wards affected: All
Report author(s) and contact details:	Susan Risdall susan.risdall@nottinghamcity.gov.uk / 0115 8763653	
Other colleagues who have provided input:	Strategic Finance – Technical Team	
Recommendation(s):		
1	To consider the external auditors' report (Appendix A) to those charged with governance	
2	To approve the final Statement of Accounts (Appendix B) and authorise the Chair of Audit Committee to sign them on the Committee's behalf.	
3	To approve the Draft Management Representation Letter (Appendix C) for signature by the Chair of Audit Committee.	

1 REASONS FOR RECOMMENDATIONS

- 1.1 KPMG have completed the audit of the 2017/18 Statement of Accounts 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 31 July 2018.
- 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.
- 1.3 As part of the audit, KPMG require the Council to make certain statements in a management representation letter. This confirms 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 Following on from the draft Statement of Accounts presented to the June Audit Committee meeting, this report updates members on the changes made from draft to final accounts in accordance with KPMG's recommendations.
- 2.2 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 The accounts reflect the new reporting requirements to the Comprehensive Income and Expenditure Account introduced last year. This requires the presentation to align to the Council's internal reporting management structure, which for Nottingham City Council is by portfolio. As portfolios can change year on year, the 2016/17 figures

have been restated to the current portfolio structure to make the two years comparable.

4 AMENDMENTS TO THE STATEMENTS FOLLOWING AUDIT REVIEW

- 4.1 KPMG have completed the audit of the accounts and the ISA260 report sets out the findings. Amendments to the accounts have been agreed with KPMG and incorporated into the final version of the 2017/18 Statement of Accounts presented to Audit Committee today for approval.
- 4.2 In 2017/18, 55 properties were revalued based on depreciated historical cost as proxy for current value. Based on the results of these valuations (totalling £559m), it was agreed with KPMG that revaluations would be completed for the remaining properties and the core statements and notes updated in the final version of the accounts. This work has been completed and the Statement has been amended to reflect the resulting £43m revaluation gain.
- 4.3 A number of minor changes have been made to the Narrative report and the notes to the accounts to give more clarity for the reader.
- 4.4 A number of changes have also been made to Group Accounts to reflect the 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.
- 5.2 KPMG External Audit Plan 2017/18.

6 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 6.1 Code of Practice on Local Authority Accounting in the United Kingdom 2017/18
- 6.2 Guidance Notes for Practitioners 2017/18 Accounts
- 6.3 The Accounts and Audit Regulations 2015