

Report to Audit Committee

25 July 2017

By the Director of Corporate Resources

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

Statement of Accounts 2016 /17

Executive summary

It is a legal requirement of the Accounts and Audit (England) Regulations 2016 that the Statement of Accounts is approved by a resolution of the Council or the relevant Committee of the Council by 30 September 2017. The Scheme of Delegation to Committees within the Council constitution (Part 3.2) delegates the responsibility to the Audit Committee to consider and approve the Council's statement of accounts.

The accounts have been subject to external audit by Ernst and Young LLP and the Audit Results Report is also on the agenda for this meeting.

Recommendations

That the Committee is recommended:

- i) To approve the 2016/17 Statement of Accounts

Reasons for recommendations

- i) It is a requirement of the Accounts and Audit (England) Regulations 2016 that the Statement of Accounts are approved by 30 September 2017.
- ii) The external auditors plan to issue an unqualified audit opinion on the financial statements for 2016/17.

Background papers: none

Wards affected: All

Contact: Sam Wells, Principal Accountant, 01403 215309

Dominic Bradley, Head of Finance, 01403 215302

Background Information

1 Introduction and background

- 1.1 It is a requirement of the Accounts and Audit (England) Regulations 2016 that the statutory Statement of Accounts is approved by a resolution of the Council or the relevant Committee of the Council by 30 September 2017. Under The Scheme of Delegation to Committees within Part 3.2 of the Council constitution, the matter of considering and approving the statement of accounts has been delegated to the Audit Committee. This report provides background information to the financial statements.
- 1.2 The financial statements have been prepared following the requirements of the CIPFA Code of Practice on Local Authority Accounting 2016/17 which are based on International Financial Reporting Standards. The accounts have been subject to audit by Ernst and Young LLP who intend to issue an unqualified opinion.

2 Relevant Council policy

- 2.1 The Council is required to produce financial statements under the Accounts and Audit (England) Regulations 2016.

3 Details

- 3.1 The Statement of Accounts 2016/17 are attached to this report.
- 3.2 The audit identified and reported two unadjusted misstatements, relating to two historic balances that have not been actioned. The letter of representation confirms management's view that the effects of these unadjusted differences are immaterial, both individually and cumulatively. These have not been corrected because it impacts in a large number of areas throughout the statements.
- 3.3 As a result of these findings, Finance is planning to undertake a complete balance sheet review for balances that have remained static for more than one year during the transition to the new financial management system. Any adjustments will be processed during 2017/18.
- 3.4 The audit also identified one adjusted misstatement. A late adjustment was made in the unaudited statements to adjust pooled investments from short term to long term in the balance sheet. The corresponding presentation of these investments between short term and long term categories in the Financial Instruments note was not updated correctly for this adjustment. The investment total in the financial instruments notes was however correctly stated.
- 3.5 The bank reconciliation control deficiency reported by the auditor is an ongoing issue that is being managed until transfer to the new financial management system in September 2017. The new financial system will auto-match transactions going through the bank to the ledger on an individual transactional basis which will focus attention on the residual lines which do not match. This will make it easier to identify the unresolved bank reconciliation differences at an earlier point and the automation in the process will also free up time to address the unreconciled items.

4 Next steps

- 4.1 The committee is asked to approve the Statement of Accounts 2016/17.

5 Outcome of consultations

- 5.1 No consultations were required. Audit Committee Members were briefed on the updated unaudited accounts on 6 July 2017.

6 Other courses of action considered but rejected

- 6.1 Not applicable.

7 Resource and legal consequences

- 7.1 There are no direct resource or legal consequences arising from this report.

8 Risk assessment

- 8.1 There are reputational risks to the Council if the accounts are not approved by the statutory deadline of 30 September 2017.

9 Other considerations

- 9.1 The recommended actions of this report have no impact on Crime & Disorder; Human Rights or Equality & Diversity and Sustainability.