

Appendices:

Appendix 1 Draft NBC 2018-19
Statement of Accounts



AUDIT COMMITTEE REPORT

Report Title	Draft 2018-19 Statement of Accounts
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 29 July 2019

Policy Document: Statement of Accounts

Directorate: Chief Finance Officer

Accountable Cabinet Member: Cllr Brandon Eldred

1. Purpose

- 1.1 This report presents to the Audit Committee the first draft 2018-19 Statement of Accounts for the Committee's review and comment.

2. Recommendations

- 2.1 That the Committee notes and comments on the Statement of Accounts for 2018-19.
- 2.2 That the committee notes, that the delay in delivering these draft accounts relates to work to conclude the 2017-18 accounts.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The annual Statement of Accounts is the financial representation of all activities that the Council has been directly or indirectly involved with, over the course of the 2018-19 financial year. The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how the Council has used the public funds for which it is responsible.

3.1.2 The Council's Statement of Accounts is produced in accordance with the Code of Practice (CoP) on Local Authority Accounting in the United Kingdom 2018-19 (supported by International Financial Reporting Standards (IFRS)), and includes a full balance sheet and statement of cash flow movements.

3.1.3 The signing, approval and publication of the Accounts is set out in Section 9 of the Accounts and Audit Regulations 2015. Following consideration by the Audit Committee the S151 Officer will authorise the draft accounts for release to EY for external audit.

3.1.4 The Statement of Accounts are made up of the following sections:

- **The Narrative Report** - providing a summary of the most significant matters reported within the accounts and of the Council's financial position, this section is intended to outline the overall context within which the Council operates and provide a commentary on the Council's performance in 2018-19.
- **Statement of Responsibilities** – provides details of the formal responsibilities assigned to the Council and the Chief Finance Officer in respect of the Statements and the financial management of the Council.
- The **Core Financial Statements** – providing the Council's financial position as at 31 March 2019 comprising of the:

Comprehensive Income and Expenditure Statement (CIES)

Reports the net cost for the year of all of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

Movement in Reserves Statement (MIRS)

Shows the movement in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

Balance Sheet

Presents the value of the Council's current and non-current assets and liabilities as at 31 March 2019 with the bottom line effectively being the net worth of the organisation.

Cash Flow Statement

Summarising the inflows and outflows of cash arising from transactions with third parties, this analysis shows how the Council generates and uses cash and cash equivalents.

Expenditure and Funding Analysis (EFA)

Demonstrating to council tax payers how the funding available to the Council has been used to provide services, the EFA also shows how this expenditure is allocated between the Council's directorates.

- Notes to the Core Financial Statements, which provide further supporting details on aspects of the accounts and which are largely defined by the CoP.
- Additional statements for the Collection Fund, the Housing Revenue Account (HRA) and Group Accounts.
- Accounting Policies – this section details the accounting policies followed by the Council throughout the year and applied in producing the Statement of Accounts.
- Glossary – the Statement inevitably includes a number of technical terms and this section provides an explanation of their meaning.

3.2 Statement of Accounts 2018-19

3.2.1 The first draft 2018-19 NBC accounts for consideration are provided at Appendix 1.

3.3 Next Steps

3.3.1 The accounts will be issued for Public Inspection which will last for a minimum period of 6 weeks.

3.3.2 These draft accounts will be subject to a further Quality Review and refinement exercise, before providing a final set of draft accounts to Audit Committee to approve prior to submission to EY in readiness for their audit. The audit is scheduled to be undertaken in October 2019. The Committee should note that the timing of the audit has been deferred due to resourcing issues being experienced by EY nationally and the need for KPMG to complete their audit activities prior to EY formally undertaking work.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications from this report.

4.2 Resources and Risk

4.2.1 There is a resource implication in having to ensure the finance team and other parts of LGSS and NBC are available for the revised EY audit dates. This will place additional demands on staff time due to the non standard audit timing and may lead to additional costs through the retention of external resources supporting the closedown teams.

4.3 Legal

4.3.1 There are no specific legal implications from this report.

4.4 Equality

4.4.1 There are no specific equality implications from this report

4.5 Consultees (Internal and External)

4.5.1 The Audit Committee will be the main consultee as part of the accounts and audit process. In addition the Council will be publishing the accounts for public inspection for a minimum period of 6 weeks.

4.6 Other Implications

4.6.1 None specifically

5. Background Papers

5.1 N/a

Stuart McGregor
Chief Finance Officer (Section 151 Officer)