

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

12 SEPTEMBER 2017

7

Report Title	STATEMENT OF ACCOUNTS 2016/17
Purpose of Report	To approve the Statement of Accounts 2016/17 and receive KPMG's audit opinion, including the changes to the accounts since the unaudited accounts were signed off by the Section 151 Officer on 16 June 2017.
Decision(s)	Committee RESOLVES to approve the audited Statement of Accounts for the year ending 31 March 2017.
Consultation and Feedback	Not applicable.
Financial Implications and Risk Assessment	There are no financial implications arising directly from this report. David Stanley, Accountancy Manager (S151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk
Legal Implications	The recommendation and the report details are consistent with legal requirements regarding approval of annual accounts. K Trickey, Legal Services Manager Email: karen.trickey@stroud.gov.uk
Report Author	Graham Bailey, Principal Accountant Tel: 01453 754133 Email: graham.bailey@stroud.gov.uk
Options	None.
Performance Management Follow Up	Actions arising from KPMG's ISA 260 report.
Background Papers/ Appendices	Appendix A – Statement of Accounts 2016/17

Discussion

1. In accordance with requirements under the Accounts and Audit Regulations 2015, the Accountancy Manager (Section 151 Officer) is required to sign and date the Statement of Accounts by 30 June and certify that it presents a true and fair view of the financial position of the Council at the end of March 2017 and its income and expenditure.
2. The Statement of Accounts for 2016/17 was signed as approved by the Accountancy Manager (Section 151 Officer) on 16 June 2017, in accordance with these requirements. The unaudited Statement of Accounts

2016/17 was made available on the Council's website from 19 June 2017 in compliance with the Accounts and Audit Regulations 2015.

3. A number of changes have been made to the unaudited Statement of Accounts 2016/17. These changes are mainly to the narrative content, general presentation for the benefit of readers and to the internal consistency and correctness of the figures in notes to the accounts.
4. Also, as a result of the audit there was a revision to the revaluation of the Council's housing stock. The result of this was to reduce their assessed valuation at 31 March 2017 from £263.2m to £255.6m a reduction of £7.6m. A summary of the balance sheet changes is set out in the table below.

Balance Sheet Changes 2016/17

	Unaudited £000	Audited £000	Change £000
Property, Plant & Equipment	320,059	312,401	-7,658
Other assets & liabilities	-124,389	-124,389	-
Net Assets	<u>195,670</u>	<u>188,012</u>	<u>-7,658</u>
Usable Reserves	28,664	28,664	-
Unusable Reserves	167,006	159,348	-7,658
Total Reserves	<u>195,670</u>	<u>188,012</u>	<u>-7,658</u>

5. Through the Committee resolving to approve the audited Statement of Accounts, the Section 151 Officer together with the Chairman of the Committee will need to sign a letter of representation on behalf of the Committee and Council to KPMG, to enable the audit opinion to be issued. The signing of this letter is consistent with established protocols, the requirements of KPMG and the general delegations to the S151 Officer. This letter is a formal written record of the representations being made on behalf of the Council via the committee; it deals with the processes and procedures the Council adopts to ensure that it is in compliance with statutory requirements, laws and regulations and also confirms there is a sufficiently robust management system to prevent and detect fraud and irregularities.
6. In addition, Regulation 9 requires that the Statement of Accounts should be signed and dated by the Chair presiding at the Audit and Standards Committee meeting at which approval is given. That regulation also requires the Statement of Accounts to be published with the Independent auditor's report to the members of Stroud District Council. This report is in the Statement of Accounts Appendix A.
7. The Council's external auditors KPMG also present separately to this meeting their 'Report to those charged with governance (ISA 260) 2016/17',

which summarises their finding arising from their audit of the Statement of Accounts.

8. The Statement of Accounts is comprised of four main statements as required by International Financial Reporting Standards which are:-

- **Movement in Reserves Statement**

This is split between usable and unusable reserves and shows the detail of movement in reserves, from the surplus / (deficit) on provision of services in the Comprehensive Income and Expenditure Statement (CIES), to the position on the Balance Sheet at 31 March 2017.

- **Comprehensive Income and Expenditure Statement**

The CIES consolidates all the financial gains and losses experienced during the year. The CIES has two sections:

- a) Surplus or Deficit on the Provision of Services – which shows the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income.
- b) Other Comprehensive Income and Expenditure – which shows any other changes to net worth, and examples include movements in the fair value of assets or actuarial gains or losses on pension assets and liabilities.

- **Balance Sheet**

The Balance Sheet summarises the Council's financial position at 31 March 2017. The top half shows accrued assets and liabilities. The bottom half is comprised of reserves, split between usable and unusable reserves, which represent the net worth of the Council.

- **Cash Flow Statement**

This shows the year on year change in cash and cash equivalents, which are cash on call, and investments with a maturity of three months or less.

A new Note called **Expenditure and Funding Analysis** is included prominently on page 14 of the Statement of Accounts. This links the figures in the Comprehensive Income and Expenditure Statement to outturn figures reported to each of the Council's committees.

9. A full revised version of the accounts is enclosed at Appendix A, and has also been deposited in the Members' Lounge for inspection. Once the accounts are approved a copy will be made available on the Council's internet site together with the Annual Governance Report <http://www.stroud.gov.uk/council/public-notice/public-audit-of-accounts-for-the-year-ended-31-March-2017>.