

**STROUD DISTRICT COUNCIL**  
**AUDIT AND STANDARDS COMMITTEE**

**AGENDA  
ITEM NO**

**26 JULY 2018**

**13**

<b>Report Title</b>	<b>STATEMENT OF ACCOUNTS 2017/18</b>
<b>Purpose of Report</b>	To approve the Statement of Accounts 2017/18 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 31 May 2018.
<b>Decision(s)</b>	Committee <b>RESOLVES</b> to approve the audited Statement of Accounts for the year ending 31 March 2018.
<b>Consultation and Feedback</b>	Not applicable.
<b>Financial Implications and Risk Assessment</b>	There are no financial implications arising directly from this report. David Stanley, Accountancy Manager (S151 Officer) Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a>
<b>Legal Implications</b>	There are no legal implications beyond those already referred to in the report. Mike Wallbank, Solicitor Advocate and Deputy Monitoring Officer Email: <a href="mailto:mike.wallbank@stroud.gov.uk">mike.wallbank@stroud.gov.uk</a>
<b>Report Author</b>	Graham Bailey, Principal Accountant Tel: 01453 754133 Email: <a href="mailto:graham.bailey@stroud.gov.uk">graham.bailey@stroud.gov.uk</a>
<b>Options</b>	None.
<b>Performance Management Follow Up</b>	Actions arising from KPMG's ISA 260 report.
<b>Background Papers/ Appendices</b>	<b>Appendix A</b> – Statement of Accounts 2017/18

**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 31 May 2018 and certify that it presents a true and fair view of the financial position of the Council at the end of March 2018 and its income and expenditure.
2. The Statement of Accounts for 2017/18 was signed as approved by the Accountancy Manager (Section 151 Officer) on 31 May 2018, in accordance with these requirements. The unaudited Statement of Accounts 2017/18 was made available on the Council's website from 31 May 2018 in compliance with the Accounts and Audit Regulations 2015.

3. A number of changes have been made to the unaudited Statement of Accounts 2017/18. Some changes are 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. A prior year adjustment of £4.304m has now been included. This has arisen because the assets under construction classification valuation was not sufficiently reduced when completed council dwellings were brought into use during 2016/17 accounting year.
5. The full impact of the change is most easily seen on the Balance Sheet where the unusable reserves figure for 2016/17 has reduced to £155m from £159.3m. The full impact on various parts of the statement of account is set out in note 47 of the statement.
6. Also, an additional £3.229m change is required to the valuation of the assets under construction classification in the current accounting year to properly adjust the value transferred out as council dwellings were brought into use during 2017/18.
7. 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.
8. 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.
9. The Council's external auditors KPMG also present separately to this meeting their 'External Audit ISA260 Report 2017/18', which summarises their finding arising from their audit of the Statement of Accounts.
10. 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 2018.

- **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 2018. 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 introduced in 2016/17 called **Expenditure and Funding Analysis** is included prominently before the main statements 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.

11. 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-2018>.