

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Christine Marshall – Executive Director - Commercialisation (S151)

**To:** Governance and Audit Committee - Thursday, 24 May 2018

**(Author:** Ellie Stacey – Financial Control Manager)

**Subject** Pre-Audit 2017-18 Financial Statements, including Narrative Report and Annual Governance Statement

**Purpose:** To present the Pre-audit Financial Statements 2017/18 for members' consideration, prior to formal approval by the Executive Director - Commercialisation

### **Recommendation(s):**

- 1) That, as part of its governance role, the Committee considers the unaudited Financial Statements 2017/18
- 2) That the Committee approves the draft Annual Governance Statement, included within the unaudited Financial Statements 2017/18

### **1.0 BACKGROUND**

- 1.1 The Accounts and Audit regulations 2015 require that the Responsible Financial Officer signs the unaudited statement of accounts no later than 31 May; and the statement of accounts be considered and approved by a committee of the Council no later than 31 July. For information the deadlines have now moved forward from 30 June and 30 September from 2017/18, hence the late release of this report.
- 1.2 As part of the Governance role and in line with good practice, this report presents the unaudited financial statements to the Committee to enable comments and challenge, and to highlight any key areas.
- 1.3 The Financial Statements production process is complete, and included in Appendix A is the unaudited version of the 2017/18 Financial Statements (this includes the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Cash Flow Statement and Balance Sheet as at 31 March 2018). Members should be aware that minor presentational adjustments may be undertaken before the statutory deadline for publishing the accounts (31 May).
- 1.4 The timescales involved with the approval, inspection and audit of the Council's financial statements for 2017/18 are:
  - Unaudited Financial Statements to Committee 24 May 2018
  - Executive Director (Commercialisation) signs Statements 24 May 2018
  - Accounts available for Public inspection from 25 May 2018
  - Audit by KPMG commences 18 June 2018

- Financial Statements approved by Committee 26 July 2018
- Auditor's opinion on Statements issued by 31 July 2018

1.5 The Accounts have been prepared in accordance with the Code of Practice and the Council's accounting policies. A small number of minor presentational adjustments were required to ensure compliance with the 2017/18 Code of Practice. No amendments were required to be made to the Primary Financial Statements, and the level of resources available to the Council remains the same.

1.6 The unaudited Financial Statements contains the draft Annual Governance Statement, which the Committee is asked to approve.

1.7 The net worth of the Council, as shown in the Balance Sheet, increased by £5.545m and this is also reflected in the Comprehensive Income and Expenditure Statement. The main reasons are set out in paragraph 1.8.

1.8 The major changes in the Balance Sheet at the year end, considered significant enough to warrant specific reference, are:

- Short term investments and cash and cash equivalents has increased by just over £3.3m as a result of an underspent HRA capital programme, primarily in respect of monies allocated to the affordable housing programme. Work is currently in progress to determine the timing and scale of this, and is expected to commence in 2018/19.
- Long term debtors has increased by £1.101m, mainly due to the loan granted to Welland Homes.
- Short term debtors has increased by £1.153m, mainly due to year end balances with Central Government regarding the Collection Fund, and accounting entries for additional grant monies due to the Council.
- Usable reserves have increased by £3.856m, due to the surplus on the HRA in year which was transferred to the HRA reserve.

1.9 This is the final year that KPMG will be undertaking the audit following the change in appointed auditor. Officers continue to work closely with the auditors to ensure that the audit process is undertaken effectively.

## 2.0 **OPTIONS**

2.1 Note the report and the unaudited financial statements (Appendix A).

## 3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 The report and appendix are for information and consultation, prior to release to KPMG for the audit of these Financial Statements to be undertaken.

## 4.0 **EXPECTED BENEFITS**

4.1 The Audit Committee are able to demonstrate that best practice is followed and that they are proactive in financial management matters of the Authority.

4.2 To enable any key issues to be discussed and clarified as necessary.

## 5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### 5.1 **Constitutional & Legal**

5.1.1 Accounts and Audit Regulations 2015.

### 5.2 **Financial**

5.2.1 This appendix is of a financial nature and therefore finance is included.

### 5.3 **Risk Management**

5.3.1 Risks are included in the financial statements as required.

## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 N/A.

## 7.0 **ACRONYMS**

7.1 N/A.

---

Background papers:-	<u>None.</u>
---------------------	--------------

---

### **Lead Contact Officer**

Name and Post: Ellie Stacey – Financial Control Manager

Telephone Number

Email: Ellie.stacey@cpbs.com

**Key Decision:** N

**Exempt Decision:** N

**This report refers to a Mandatory Service**

### **Appendices attached to this report:**

Appendix A Pre-audit Financial Statements 2017/18 (including the Narrative Report and the draft Annual Governance Statement)