

Audit and Risk Committee

18 September 2017

Report title	Audited Statement of Accounts 2016/17		
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources		
Accountable director	Claire Nye, Finance		
Originating service	Strategic Finance		
Accountable employee(s)	Emma Bland	Finance Business Partner	
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Report to be/has been considered by	None		

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Approve the formal publication of the 2016/17 Statement of Accounts, as required by the Accounts and Audit Regulations 2015, which require publication by 30 September.
2. Delegate authority to the Chair of the Audit Committee to agree subsequent changes to the Statement of Accounts in consultation with the Director of Finance should there be any audit adjustments.

Recommendations for noting:

The Committee is asked to note:

1. The 2016/17 report to those charged with governance from the Council's External Auditors, Grant Thornton.

2. That the Council's external auditors intend to issue an unqualified opinion on the Statement of Accounts 2016/17, subject to the outcomes of remaining elements of audit work.
3. That the external auditors have identified no material errors which are expected to remain unadjusted in the amended Statement of Accounts.
4. That the Management Representation letter has been finalised and will be signed by the Director of Finance on behalf of the Council.

1.0 Purpose

- 1.1 To update members of the Committee on Grant Thornton's audit findings in relation to the Statement of Accounts for 2016/17.

2.0 Background

- 2.1 The draft Statement of Accounts was certified by the Director of Finance on 12 June 2017, within the 30 June 2017 deadline set by the Accounts and Audit Regulations 2015. It was subsequently presented to the Audit and Risk Committee on 3 July 2017.
- 2.2 The draft was subject to audit by the council's external auditors, Grant Thornton, which has been taking place during the last two months, and is now nearing completion. The council is required by law to publish the Statement of Accounts by 30 September 2017 (Accounts and Audit Regulations 2015).
- 2.3 Under the council's financial procedure rules, Audit and Risk Committee has responsibility for the approval of the financial statements.
- 2.4 The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement is prepared in accordance with International Financial Reporting Standards (IFRS). For 2016/17 there was a change to the Code in relation to the format of the cost of services section of the Comprehensive Income and Expenditure Statement (CIES). Previously, authorities were required to present this in line with CIPFA's Service Reporting Code of Practice (SERCOP), but under the new requirements, to make the accounts more accessible to the reader, this is now reported on the basis of the council's organisational structure. Further detail can be found in the appended draft Statement of Accounts for 2016/17 under 'Note 17A – Changes in Accounting Policies from Previous Year'.

3.0 Outcome of the audit

- 3.1 The key outcomes of the audit of the Statement of Accounts are:
 - Grant Thornton's opinion as to whether the statements give a true and fair view of the council and its group's financial position at the year end, and the income, expenditure and cash flows for the year there ended;
 - Grant Thornton's conclusion on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year in question;
 - A report which summarises the issues arising from the audit of the statements and issues which they are formally required to report to Members under the Audit Commission's Code of Audit Practice and International Standard of Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of audit matters". This report is attached at Appendix A. [Please note the council's financial statements include the accounts of

the West Midlands Pension Fund. A separate Audit Findings Report was presented to and considered by the Pensions Committee on 6 September 2017.]

- 3.2 The committee can draw assurance from Grant Thornton's intention to issue an unqualified opinion on the financial statements, subject to the outcomes of the remaining elements of audit work. This will be included in the published Statement of Accounts.
- 3.3 As a result of their work on the draft Statement of Accounts, Grant Thornton have recommended that some changes be made to the content of the accounts. These changes are listed in detail in Grant Thornton's Audit Findings report, attached at Appendix A and have been reflected in the updated version of the accounts, attached at Appendix B.

Grant Thornton's report includes recommendations in the form of an action plan. Management have reviewed these and included their responses, responsible officers and implementation dates. Updates on progress against the action plan will be reported to future meetings of the Audit and Risk Committee.

- 3.4 The revised Statement of Accounts reflecting adjustments agreed with Grant Thornton will be published here: <http://www.wolverhampton.gov.uk/article/3049/Corporate-finance>
- 3.5 At the time of preparing this report, Grant Thornton are completing their work. Any further developments prior to this meeting will be the subject of a verbal update. If there are any further changes to the statements, a revised version will be presented.
- 3.6 In accordance with international auditing standards, the council is required to confirm to the external auditor that it has complied with all relevant requirements and provided all relevant information to the auditor. This takes the form of a Management Representation letter, which has been prepared and which will be signed by the Director of Finance prior to submission to the auditor.

4.0 Financial implications

- 4.1 The statement, and audit of those statements by the external auditors, is an important element of the accountability and transparency of the council's finances.
[EB/07092017/F]

5.0 Legal implications

- 5.1 The Accounts and Audit Regulations 2015 require the 2016/17 Statement of Accounts be produced in accordance with proper practice. This is exemplified by the Code of Practice on Local Authority Accounting which is published by CIPFA. These regulations also require that the accounts are approved by 30 June 2017 and published by 30 September 2017.
[TS/07092017/T]

6.0 Equalities implications

6.1 There are no equality implications arising from this report

7.0 Environmental implications

7.1 There are no environmental implications arising from this report.

8.0 Human resources implications

8.1 There are no human resource implications arising from this report.

9.0 Corporate landlord implications

9.1 There are no implications for the council's property portfolio arising from this report

10.0 Schedule of background papers

10.1 Draft Statement of Accounts 2016/17, report to Audit Committee, 3 July 2017.