

25 June 2019

Report of	Assistant Director, Policy & Corporate	Author	Mark Jarvis
Title	Draft Annual Statement of Accounts 2018/19		☎ 282774
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the arrangements for the audit and approval of the Council's Draft Statement of Accounts for 2018/2019. The main dates to note are as follows:
- The deadline for the draft accounts to be certified by the Responsible Financial Officer is 31 May 2019. This was achieved on 30 May 2019
 - The final accounts audit is to run from 3 June with the draft report provided to officers by the 10th July.
 - The accounts are open for public inspection from Monday 3 June 2019 to Friday 12 July 2019.
 - The pre-audit revenue and capital outturn results have been reported to the Scrutiny Panel on the 11 June 2019.
 - The External Auditor will report their findings to this Committee on 30 July 2019.
 - The deadline for approving and publishing the audited accounts is 31 July 2019.
 - Confirmation of the publication of the accounts will be reported to the Committee on 3 September 2019.

2. Recommended Decision

- 2.1 To consider and take note of this report relating to the pre-audit Statement of Accounts for 2018/19.

3. Reason for Recommended Decision

- 3.1 This report notifies the Committee of the main deadlines, and background information relating to the statutory requirement of approving the audited Statement of Accounts.

4. Alternative Options

- 4.1 Not applicable.

5. Statement of Accounts 2018/19

- 5.1 The draft accounts for 2018/19 have now been compiled, and they were certified by the Responsible Financial Officer on 30 May 2019, which is in accordance with the statutory deadline. It is suggested good practice to publish the draft Statement of Accounts on the Council's website, in line with the Government's policy of increased transparency. The draft accounts can be accessed via the link below:
- <https://www.colchester.gov.uk/info/cbc-article/?catid=our-council-governance&id=KA-01764>
- 5.2 The Statement of Accounts for 2018/19 has been prepared using the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. The key areas of the Statement of Accounts, including the main financial statements are explained in the annex to this report.
- 5.3 Authorities are required to report based on the way in which they operate and manage services. This allows a clear link to be made between the final outturn that will be reported to the Scrutiny Panel on 11 June 2019 and the audited financial statements.
- 5.4 The final accounts audit commenced on 3 June 2019 and is expected to have been completed by the beginning of July. The External Auditor will report to the meeting of this Committee on 30 July 2019. The report will detail the findings of the final accounts audit, address any matters arising out of the audit and comment on the proposed audit opinion on the accounts. The Responsible Financial Officer must re-certify the presentation of the annual accounts before Member approval is given.
- 5.5 The Council aims to have secured Member approval and published the accounts with the audit opinion and certificate prior to the new deadline of 31 July 2019. Confirmation of the published statement, including the Auditors' opinion, would then be reported to the meeting of the Committee on 3 September 2019.
- 5.6 As has been the case in prior years, it is proposed that an internal briefing session for Members is arranged to take place prior to the Committee of 30 July 2019 where Members will be asked to approve the certified accounts. It is important that all Members sitting on the Committee on this date attend this briefing. The session will seek to explain the purpose of the main statements and provide a broader understanding of the contents of the accounts and the Auditors' report. This, in turn, should enable those Members approving the accounts to be satisfied that the presentation appears appropriate, and that the accounts are consistent with other financial information provided. Members are requested to advise of any particular areas of concern in advance, so they can be addressed within the session.

6. Strategic Plan References

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2018/19.

7. Publicity Considerations

- 7.1 The accounts are open for public inspection from Monday 3 June 2019 to Friday 12 July 2019 to meet our legal duties. These dates are shown on the Council's website and can be accessed via the link below:

<https://www.colchester.gov.uk/info/cbc-article/?catid=annual-reports&id=KA-01664>

- 7.2 Staff will be available to provide information and respond to questions during this period. The local press also usually takes the opportunity to view the accounts and information will be provided as appropriate.

8. Financial Implications

- 8.1 The approval of the Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.
- 8.2 The Scrutiny Panel and Governance and Audit Committee received periodic financial reports during the course of the financial year. The pre-audit revenue and capital outturn results for the financial year 2018/19 will be considered by the Scrutiny Panel on 11 June 2019.

9. Other Standard References

- 9.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

Background Papers

None

Key Areas of the Statement of Accounts

Movement in Reserves Statement

This statement is a summary of the movements in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' and 'unusable reserves'. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves include a number of adjustments that reflect the difference between the requirements of proper accounting practices and the statutory arrangements for the setting of Council Tax and Housing Rents.

Comprehensive Income and Expenditure Account

This statement consolidates all the gains and losses experienced by the Council during the financial year as a result of incurring expenditure on its major functions, and generating income from the Collection Fund and from Central Government. The total of this account shows the increase/decrease in the net worth of the Council, which agrees to the movement on the Total Net Assets shown on the Balance Sheet.

Balance Sheet

This statement summarises the Council's financial position at the year end. It shows assets and liabilities that the Council holds or has accrued with other parties. These are matched by the reserves available to the Council, which fall into two categories – usable and unusable.

Cash Flow Statement

This statement summarises the cash flows that have taken place into and out of the Council's bank accounts over the financial year. It separates the flows that have occurred as a result of the Council's operations, those flows arising from investing activities and those flows attributable to financing decisions made by the Council.

Expenditure and Funding Analysis

This shows how annual expenditure is used and funded from resources (e.g. government grants, rents, Council Tax and Business) by the Council in comparison with those resources consumed/earned by the Council in accordance with generally accepted accounting practices. It allows a clear link to be made between the final outturn that will be reported to Members, and the Comprehensive Income and Expenditure Account.

Housing Revenue Account Income and Expenditure Statement

This statement reflects the requirement to account separately for income and expenditure relating to the assets held by the Council for the purposes of housing. It shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The increase or decrease on the HRA balance on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Collection Fund Accounts

These accounts show the amounts involved in the collection and distribution of Council Tax and Non-Domestic Rates. The year end balances are distributed across the Balance Sheets of the Billing authority, Government and Precepting authorities.

Group Accounts

These accounts bring together the financial position of the Council and its interest in Colchester Borough Homes Limited.