

10 July 2018

Report of	Assistant Director, Policy & Corporate	Author	Steve Heath ☎ 282389
Title	Annual Statement of Accounts 2017/18		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Council's External Auditors' Audit Results Report (ARR) on the Council's Statement of Accounts for 2017/18 is attached to this report as a separate document. The main points arising in the report are summarised in the following paragraphs.
- 1.2 The Audit Planning Report that was presented to this Committee on 6 March highlighted the key areas of focus, which are detailed in Section 2 of the ARR. The work on these areas identified one audit difference relating to the Council's pension scheme liability, which has been adjusted. This is detailed below.
- 1.3 Section 4 of the ARR states that the audit identified a small number of minor disclosure adjustments within the accounts that were all amended during the course of the audit. There were no errors identified that have not been adjusted.
- 1.4 The Auditor has a responsibility to be satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This is detailed in Section 5 of the ARR. The Auditor did not identify any significant risks around these criteria.
- 1.5 The report shows that the Auditor expects to issue an unqualified opinion on the financial statements in advance of the new statutory deadline of 31 July.

2. Recommended Decision

- 2.1 To:
 - Accept the Audit Results Report for the year ending 31 March 2018,
 - Note the comments in this covering report,
 - Approve the letter of representation, and
 - Approve the audited Statement of Accounts.

3. Reason for Recommended Decision

- 3.1 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.

4. Alternative Options

- 4.1 Not applicable.

5. Statement of Accounts 2017/18

- 5.1 The pre-audit Statement of Accounts (SOA) was certified by the Section 151 Officer on 24 May, which is in accordance with the new statutory deadline. A report was presented to this Committee on 5 June highlighting the availability of the draft accounts, and explaining the key financial statements.
- 5.2 The Council's draft statement of accounts contained one material audit difference relating to the Pension Scheme Liability on its Balance Sheet. The issue was identified by the auditors of the pension fund administering authority, and relates to the estimation methodology required to enable timely reporting of pension information. In this instance the estimation of total pension fund assets made by the actuary at the end of February was materially different to the year-end value of pensions' assets. This led to the actuary providing an updated year-end report, which showed an adjustment to the Council's pensions asset figure of £3.359 million. This had an impact of increasing the Pension Scheme Liability figure from £99.405 million to £102.764 million. It should be noted that this issue has affected a number of the authorities that form part of the Essex Pension Fund.
- 5.3 The Auditors' work on the 2017/18 accounts has now been substantially completed. The issues raised during the audit have been discussed with the Auditor and dealt with, and the Statement of Accounts is being agreed. The presentation of the attached Draft Audit Results Report to those charged with governance is the final stage in the process to approve the Council's Statement of Accounts.
- 5.4 In line with International Standards of Auditing, the Auditor requests a general letter of representation in support of the SOA. This provides assurance about the information within the SOA and any issues that could arise between the end of the financial year and the conclusion of the audit. A draft of the letter required, which will be signed by the Section 151 Officer and the Chair of the Governance and Audit Committee, is attached to this report.
- 5.5 In keeping with the usual practice the published statement, including the Auditor's opinion, will be submitted to the Committee following conclusion of the audit.

6. Strategic Plan References

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2017/18.

7. Publicity Considerations

- 7.1 The accounts were open for public inspection from Tuesday 29 May to Monday 9 July to meet our legal duties. These dates were 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>

8. Financial Implications

- 8.1 Section 8 of the Audit Results Report highlights a variation to the scale fee of £1,465, which is due to additional work performed on prior year comparator adjustments, pensions adjustments and additional work in relation to valuation assumptions.

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

Attached to this report:

Draft Audit Results Report
Draft Letter of Representation

Available on the Council's website:

Draft Statement of Accounts 2017/18 (updated)

<https://www.colchester.gov.uk/info/cbc-article/?catid=annual-reports&id=KA-01764>

Draft Annual Statement of Accounts – Report to Governance & Audit Committee on 5 June 2018

<https://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/598/Committee/35/Default.aspx>