

**TELFORD & WREKIN COUNCIL**

**AUDIT COMMITTEE – 23 JULY 2019**

**2018/19 STATEMENT OF ACCOUNTS**

**REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HR (CHIEF FINANCIAL OFFICER)**

**LEAD CABINET MEMBER – CLLR LEE CARTER**

**PART A) SUMMARY REPORT**

- 1.1 This report provides Members with an update on the audit of the Council's accounts for 2018/19 and presents the Statement of Accounts for approval. It should be noted that Grant Thornton are still finalising their audit work and delegated authority is therefore sought to make any final changes required prior to publication.
- 1.2 The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice which continues to add a level of complexity.
- 1.3 In accordance with the Accounts and Audit (England) Regulations 2015, the Chief Financial Officer certified the draft statement of accounts prior to the 31 May. These were presented to Audit Committee on the 30 May 2019, made available for public inspection and provided to the external auditors to undertake the audit of accounts. As required by regulation, the updated statement of accounts is now presented to members for approval, prior to publication. This Committee has delegated authority to approve the council's audited Statement of Accounts.
- 1.4 It is anticipated that Grant Thornton, the Council's external auditors will give the accounts an unqualified audit opinion and they will provide an update on their audit work to Members at this meeting of the Committee.
- 1.5 A number of changes to the accounts have been identified, which have been agreed and included in the updated Statement of Accounts appended to this report. Further details of these can be found in section 4 below. The changes do not affect the outturn position or General Fund Balance which remain as reported to Cabinet on 30 May 2019.
- 1.7 Following approval the Statement of Accounts will be published on the Council's web site and a copy will be circulated to Audit Committee Members.

## **2.0 RECOMMENDATIONS**

**2.1 That Members approve the 2018/19 Statement of Accounts attached in the Appendix.**

**2.2 That delegated authority be granted to the Assistant Director: Finance & HR to make any final changes required to the Statement of Accounts prior to publication.**

## **3.0 SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Cooperative Council priorities?	
	Yes	Delivery of all cooperative council priorities depend on the effective use of available resources. Regular financial monitoring helps to highlight variations from plan.
	Will the proposals impact on specific groups of people?	
	No	
<b>TARGET COMPLETION/DELIVERY DATE</b>	To publish audited accounts by the end of July 2019.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	The financial impacts are detailed throughout the report.
<b>LEGAL ISSUES</b>	No	The Statement of Accounts have been prepared in accordance with the 2018/19 Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	
<b>IMPACT ON SPECIFIC WARDS</b>	No	Borough Wide

## **PART B) ADDITIONAL INFORMATION**

### **4.0 INFORMATION**

- 4.1 The 2018/19 outturn position was reported to Cabinet on the 30 May 2019. In accordance with the Accounts and Audit (England) Regulations 2015, the Council is required to prepare formal Statement of Accounts in a prescribed format, following International Financial Reporting Standards. The Chief Financial Officer certified the draft statement of accounts at the end of May. These were then made available for public inspection and provided to the external auditors to undertake the audit of accounts.
- 4.2 The final overall underspend of £0.275m (-0.23% of net budget) is the same as previously reported to members in May.
- 4.3 A number of changes have been made to the accounts during the course of the audit after discussion with Grant Thornton. None of these have impacted on the General Fund Balance position previously reported. They include:
- Pensions – the Supreme Court has recently ruled that there has been unlawful discrimination against younger workers in relation to transitional protection arrangements following the introduction of the reformed 2015 public service pension schemes in April 2015. Although the ruling relates to the Firefighters and Judiciary pension schemes there is likely to be an impact to other public sector workers. This is a national issue and revised pension information, incorporating the potential liability, has been provided by the actuaries and included in the updated Statement of Accounts.
  - Expenditure & Funding Analysis (EFA) – clarification added to highlight that the EFA is not a primary statement and is technically a note to the accounts.
  - Property, Plant & Equipment (PPE) – Investment Properties must be held purely for the generation of income streams/capital appreciation. The Council's Property Portfolio has broader objectives including economic growth and regeneration. PPE has therefore been updated to include the Property Portfolio and the Investment Property row in the balance sheet and associated note has been deleted.
  - Financial Instruments – the note has been updated to include non-financial assets and liabilities for completeness; Cash & Cash Equivalents have also been added.
  - Creditors/Debtors – a coding error has resulted in an adjustment of equal amounts being needed to both creditors and debtors balances. The net impact on the Balance Sheet is nil. Further analysis is also required relating to another creditor balance which will take place in 2019/20.
  - Related Party Declarations – updates added to reflect the current information available (see further comment on related party declarations below).

- Group Movement in Reserves Statement – presentation changed to show the authority reserves and the authority’s share of Nuplace reserves separately.
  - Notes to Group Accounts – streamlined to show only those which are materially different to the single entity notes.
  - Various wording/presentational changes
  - Further explanatory text added where required
- 4.4 Unfortunately, five Related Party Declaration forms remain outstanding from Councillors. In 2017/18 all declaration forms were returned. Four of the missing returns for 2018/19 relate to Members who are no longer in office following the local elections held in May, despite reminders being sent.
- 4.5 The updated statement of accounts including all agreed amendments is attached in the Appendix.
- 4.6 An unqualified audit report is anticipated.
- 4.7 To comply with International Auditing Standards, the external auditor will also present a separate report to those charged with governance, including recommendations, to the Audit Committee which comments on the final accounts audit.

**5.0 IMPACT ASSESSMENT**

There is no further information to add.

**6.0 PREVIOUS MINUTES**

Cabinet – Service & Financial Planning Report – 30 May 2019  
 Audit Committee – Draft Statement of Accounts – 30 May 2019

**7.0 BACKGROUND PAPERS**

2018/19 Draft Statement of Accounts  
 2018/19 Outturn Report  
 General Ledger Reports  
 2018/19 Code of Practice on Local Authority Accounting  
 Accounts and Audit (England) Regulations 2015

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