

## Annual Accounts 2016/17 Arrangements

### REPORT TO AUDIT AND STANDARDS COMMITTEE



<b>DATE</b>	<b>8<sup>th</sup> March 2017</b>
<b>PORTFOLIO</b>	<b>Resources &amp; Performance Management</b>
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#### PURPOSE

1. To update the Audit Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2016/17 accounts.
2. To seek approval for the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1.
3. To set a date for a final accounts workshop for Audit Committee Members to allow officers to present the 2016/17 Statement of Accounts and explain the findings and issues.

#### RECOMMENDATION

4. Note the report and arrangements that the Council is making in advance of the closure of accounts for the year 2016/17.
5. Approve the proposed accounting policies to be followed in producing the Statement of Accounts as shown in Appendix 1.
6. Confirm the date for the final accounts workshop which is provisionally set for Wednesday 20th July 2017.

#### REASONS FOR RECOMMENDATION

7. The Council has a statutory duty to approve the accounts for 2016/17 by the 30th September 2017.
8. To ensure that the Council complies with requirements in relation to the Statement of Accounts.
9. To explain the actions being taken to minimise the risks to the final accounts process.

#### SUMMARY OF KEY POINTS

10. In 2015/16, the Council again successfully achieved the implementation of changes required by the Code of Practice on Local Authority Accounting in the UK leading to an unqualified audit opinion on the 2015/16 accounts. The 2016/17 accounts are to be produced under the Code of Practice on Local Authority Accounting in the UK for 2016/17 standards and will require similar detail and analysis. There are only a few changes to the disclosures within the accounts that are required in 2016/17.

## **11. The changes affecting this Council are:**

- Last years' successful exercise to declutter the Statement of Accounts should be undertaken again with a view to reducing the size of the Statement.
- The Accounts and Audit Regulations 2015 introduced the requirement for a Narrative Statement. Further development of this will be undertaken with the aim to make the accounts more user friendly and clearer.
- There are changes to the format of the Comprehensive Income and Expenditure Statement so that it reflects the in-year management reporting that is provided through the quarterly budget monitoring reports.
- As a result, there is no longer a requirement for the disclosure note on amounts reported for resource allocation decisions.

## **12. Preparation**

### Training

- Preparation for the closure of accounts 2016/17 has included both formal and informal training for staff in Finance which has included examples of how to speed up the long process of closure of accounts and the production of the statement of accounts. This is crucial because the accounts will have to be completed by the end of May 2018 (one month earlier than currently) and audited by the end of July (two months earlier than at the moment).
- Staff have attended formal training courses by our auditors' Grant Thornton and have taken an active role in regular discussions among peer groups across Lancashire and the North West.
- Once again this year, it is intended to give Members of the Audit and Standards Committee a training presentation to assist with their understanding of the accounts.

### Planning

- The year-end closure memorandum has been sent to Management Team, Heads of Service and various key officers of the Council and our colleagues in Liberata, giving details of the year end processes and timetable.

### Procedures & systems

- There are some requirements for changes to procedures and systems in order to prepare the Council for the requirements of earlier closedown.

## **13. Calculation of Impact**

### Updating Accounting Policies

- The accounting policies have been reviewed and amended and there is no financial impact of adopting the changes (as identified in paragraph 11). Appendix 1 shows an extract from the Statement of Accounts and details the proposed accounting policies to be adopted in closing the accounts for 2016/17.

## **14. Annual Governance Statement**

- The formal statement that recognises, records and publishes a local authority's governance arrangements. It incorporates a review of its internal controls and assurance gathered from all parts of the Council. It will be brought to the June Audit and Standards Committee for approval and is then brought back to the September Committee to consider alongside the Statement of Accounts. There are no significant changes in the requirements for the statement. Further details are provided in a separate report to the Audit and Standards Committee.

## 15. Risks

The risks of non-compliance with the requirement to have a “fit for purpose” statement of accounts prepared by 30th June 2017 and reported to members with an unqualified audit opinion by 30th September 2017 are (not necessarily exhaustive):

- Failure to have assets revalued by the date shown in the timetable. To mitigate this risk, officers have begun this work earlier than in previous years
- Key staff becoming unavailable during the closure process. Planning of staff availability will help mitigate the risk but this risk will be managed should the situation arise.
- Failure to fully identify and incorporate the requirements of the 2016 Code. This is unlikely given the few changes from the 2015 Code.

## FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. None

## POLICY IMPLICATIONS

17. Changes to the Council’s Accounting Policies.

## DETAILS OF CONSULTATION

18. None

## BACKGROUND PAPERS

19. 2016 Code of Practice on Local Authority Accounting in the UK.

20. Papers and publications held in Finance.

## FURTHER INFORMATION

PLEASE CONTACT:

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ALSO: