

Annual Accounts 2017/18 Arrangements

REPORT TO AUDIT AND STANDARDS COMMITTEE



DATE	10 January 2018
PORTFOLIO	Resources & Performance Management
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PURPOSE

1. To update the Audit and Standards Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2017/18 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 2017/18 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 2017/18.
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 5 July 2018.

REASONS FOR RECOMMENDATION

7. The Council has a statutory duty to approve the accounts for 2017/18 by the 31 July 2018.
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 2016/17, 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 2016/17 accounts. The draft Statement of Accounts was completed by 31 May 2017 (one month earlier than last year's deadline of 30 June). The 2017/18 accounts are to be produced under the Code of Practice on Local Authority

Accounting in the UK for 2017/18 standards and will require similar detail and analysis. There are only a few changes to the disclosures within the accounts that are required in 2017/18. The deadline for completion this year has been brought forward a month to 31 May. The accounts have to be certified by 31 July (two months earlier than last year's deadline of 30 September).

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.
- Disclosures under IFRS9 – Accounting for financial instruments. Officers believe that this will have no impact on the accounts.
- Accounting for Leases – All new leases must be treated as finance leases and are to be accounted for as though the asset used is owned by the Council. Officers believe that this will have no impact on the accounts.

12. Preparation

Training

- Preparation for the closure of accounts 2016/17 is to include both formal and informal training for staff in Finance which will again include examples of how to speed up the 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). In preparation for these new deadlines, the Council successfully achieved them last year.
- Staff will attend 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. A date has been provisionally set for 5 July 2018.

Planning

- The year-end closure memorandum will again be 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

- Changes to procedures and systems in order to prepare the Council for the requirements of earlier closedown were made last year in advance.

13. Calculation of Impact

Updating Accounting Policies

- The accounting policies have been reviewed. There are no significant changes and there is no material financial impact of adopting the changes. Appendix 1 shows the proposed accounting policies to be adopted in closing the accounts for 2017/18.

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. Further details are provided in a separate report to this Audit and Standards Committee meeting for approval and will then be brought back (and updated) to the July Committee meeting to consider alongside the Statement of Accounts. There are no significant changes in the requirements for the statement.

15. Risks

The risks of non-compliance with the requirement to have a "fit for purpose" statement of accounts prepared by 31 May 2018 and reported to members with an unqualified audit opinion by 31 July 2018 are (not necessarily exhaustive):

- Failure to have assets revalued by the date shown in the timetable. To mitigate this risk, officers have completed the great majority of this work in December 2017.
- 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 2017 Code. This is unlikely given the few changes from the 2016 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. 2017 Code of Practice on Local Authority Accounting in the UK.

20. Papers and publications held in Finance.

FURTHER INFORMATION

PLEASE CONTACT:

**Dave Donlan – Accountancy Division
Manager**

ALSO: