

**STATEMENT OF ACCOUNTS 2016-17**  
**WDA/25/17**

**Recommendation**

That Members:

1. Note the changes made to the accounts during the audit
2. Approve the Statement of Accounts for 2016-17; and
3. Approve the Letter of Management Representation to the auditor

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**STATEMENT OF ACCOUNTS 2016-17**  
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**Report of the Treasurer**

**1. Purpose of the Report**

- 1.1 The Authority is statutorily required to prepare a Statement of Accounts that complies with proper accounting practices. The Authority is required to approve the Statement of Accounts each year. The Authority's Statement of Accounts for 2016-17 is attached as Appendix 1.
- 1.2 Members' attention is drawn to amendments made to the accounts as a result of the audit of the draft statement that was prepared. These amendments have had a small impact on the financial position of the Authority and contributed to a decrease in the balances.

**2. Background**

- 2.1 The Statutory framework for the preparation and approval of the Authority's Statement of Accounts is set out in the Accounts and Audit (England) Regulations 2015 and the Local Audit and Accountability Act.
- 2.2 The framework means that the Accounts should be prepared in draft by the Treasurer and signed before 30 June each year. Then, following the audit of the accounts, the accounts are adopted formally by the Authority by 30 September at which point an audit opinion is provided.
- 2.3 The Authority has complied with the statutory requirements for 2016-17 and the Auditor is prepared to issue an unqualified Audit Opinion.

**3. The Statement of Accounts**

- 3.1 The Authority's accounts were prepared under the provisions of the Code of Practice on Local Authority Accounting (the Code) which is prepared by the Chartered Institute of Public Finance and Accounting (CIPFA). The Code that applied for 2016-17 was very similar to that in similar years. One key additional item was the addition of an extra note to the accounts providing an analysis of income and expenditure that is more in line with the in-year reports than the statutory statements.

- 3.2 The statement of accounts is attached as Appendix 1.
- 3.3 The accounts deadlines are moving forward significantly next year so that the whole process, including audit, is completed by the end of July. To that end the process for producing the accounts has been reviewed and streamlined. This enabled the accounts to be produced and ready for audit by 19<sup>th</sup> May 2017. This was almost a month and a half earlier than in previous periods and shows that the Authority will be reasonably placed to meet the new statutory deadlines for 2017-18.
- 3.4 Within the accounts the four key statements are:
- The Comprehensive Income and Expenditure Account (CIES);
  - The Balance Sheet;
  - The Movement in Reserves Statement (MIRS); and
  - The Cash Flow
- 3.5 Each of these statements is regarded by the Code as a principal statement and their order is not significant as each has the same precedence. They are supported by notes to the accounts and are underpinned by Accounting Policies that confirm how key transactions and balances have been brought into the accounts.
- 3.6 The narrative introduction by the Chief Finance Officer of the Authority is a change to the previous requirements which is intended to provide commentary for users of the accounts on financial performance and stewardship of funds for the year ended 31 March.

#### **4. Key issues**

- 4.1 Since the accounts were prepared at 19<sup>th</sup> May a small number of amendments and adjustments have been made and agreed with the auditor. These amendments have been agreed as they improve the quality of the Authority's financial information.
- 4.2 There are two recommendations for improvements to the year-end process which have been agreed with the auditor – these relate to:
- Strengthening the arrangements for providing supporting information to support year end accruals; and
  - Additional review of the statements to better identify year end classification issues.

- 4.3 The auditors' work is ongoing – but no further changes are anticipated. The auditor anticipates issuing an unqualified opinion and certificate.

## **5. Letter of management representation**

- 5.1 The auditor seeks representations from Management at the Authority that all matters have been disclosed that should be disclosed and that the assumptions underpinning any accounting matters that are considered to be unusual are declared fully. The Letter of Management Representations attached at Appendix 2 contains the information requested by the Auditor.

## **6. Risk implications**

- 6.1 There is a risk that the Authority will fail to comply with the statutory requirements regarding the approval of the statement of accounts. Recognising the changes in the requirements and putting in place new arrangements mitigates the risk.

## **7. HR Implications**

- 7.1 There are no HR implications.

## **8. Environmental Implications**

- 8.1 There are no environmental implications.

## **9. Financial Implications**

- 9.1 The Authority's balances on the General Fund available for supporting revenue costs are unaltered.

## **10. Legal Implications**

- 10.1 The Authority will comply with its legal obligation regarding the statement of accounts by approval of the statement. This will allow the Auditor to provide an audit opinion and certificate, enabling the Authority to publish the accounts by the current statutory deadline of 30<sup>th</sup> September.

## **11. Conclusion**

- 11.1 Members are therefore requested to approve the Authority's Statement of Accounts for 2016-17.
- 11.2 Members are also requested to approve the Letter of Management Representations.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.