

STATEMENT OF ACCOUNTS 2017-18
WDA/17/18

Recommendation

That Members:

1. Note the changes made to the accounts during the audit;
2. Note the external auditors' report
3. Approve the Letter of Management Representation to the auditor; and
4. Approve the Statement of Accounts for 2017-18

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STATEMENT OF ACCOUNTS 2017-18**WDA/17/18****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 2017-18 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 this year for the first time ever the Accounts had to be prepared in draft and signed by the Treasurer before 31 May. Then, following the audit of the accounts, the accounts are adopted formally by the Authority before the statutory deadline of 31 July at which point an audit opinion is provided.
- 2.3 The Authority has complied with the statutory requirements for 2017-18 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 2017-18 was very similar to that in similar years.
- 3.2 The accounts deadlines have moved forward significantly this year so that the whole process, including audit, must be completed by the end of July.

Audit and Governance Committee**27th July 2018**

To that end the process for producing the accounts was reviewed and streamlined. This enabled the accounts to be produced and ready for audit before the end of May 2018. This confirmed that the Authority was well placed to meet the new statutory deadlines for 2017-18.

3.3 The Statement of Accounts for 2017-18 is at Appendix 1 to this report. 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

3.4 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.

3.5 The narrative introduction by the Treasurer of the Authority 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 31st May, a 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 a number of significant amendments associated with the Resource Recovery Contract. When the draft accounts were prepared in May the required valuation exercise in respect of the assets had not been completed by the District Valuer. The current values of the assets and liabilities associated with the Resource Recovery Contract were not available and so the accounts were prepared using estimates from the financial models within the contract; this approach to the draft statements was discussed and agreed with the external auditor. During the course of the audit the District Valuer completed the valuation exercise and the correct values have been assigned to the accounting entries in respect of these amounts. These are material adjustments and have been explained

to and agreed by the auditor. This technical accounting issue has no impact on the financial performance of the Authority this year.

4.3 Elsewhere a number of amendments and adjustments have been made including:

- The Narrative Statement – this is a commentary provided by the Treasurer, but is not a formal part of the accounts. The auditor discussed a small number of amendments which have been agreed to provide further information for the reader, including on the cash flow position and the Authority’s performance arrangements;
- There are a small number of other minor amendments that have been made as a result of the audit, there are no other financial impacts; and
- There are a small number of minor disclosure issues that have been amended as a result of the audit.

4.4 The auditors’ work is ongoing – but no further changes are anticipated.

4.5 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. Auditors’ report to Those Charged with Governance

6.1 The Auditors’ carry out their work and at the conclusion they provide a report on the outcome of their work to Members, this is the Report to Those Charged with Governance. The report sets out the key risks the auditors consider in respect of the Audit of the Authority’s Financial Statements, the work they planned in response to those risks, the outcome of their work and whether they propose to issue an opinion on the accounts. A version of the report is attached at Appendix 3.

7. Risk implications

7.1 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.

8. HR Implications

8.1 There are no HR implications.

9. Environmental Implications

9.1 There are no environmental implications.

10. Financial Implications

10.1 The Authority's balances in the General Fund available for supporting revenue costs will be £4.503M.

11. Legal Implications

11.1 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 31st July.

12. Conclusion

12.1 Members are therefore requested approve the Letter of Management Representations.

12.2 Members are requested to consider the Auditor's report.

12.3 Members are also requested to approve the Authority's Statement of Accounts for 2017-18.

The contact officer for this report is: Peter Williams
7th Floor, Number 1 Mann Island, Liverpool, L3 1BP

Email: peter.williams@merseysidewda.gov.uk

Tel: 0151 255 2542

Fax: 0151 227 1848

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