

STATEMENT OF ACCOUNTS 2016/17

Report of the Borough Treasurer

1. Introduction

- 1.1 Grant Thornton LLP are the Council's external auditors and have undertaken the audit of the Council's Statement of Accounts for 2016/17.
- 1.2 The Council's draft unaudited Statement of Accounts were made available to the Auditor on the 31 May 2017, a week earlier than the date achieved in 2015/16 and ahead of the statutory deadline of 30 June 2017. This also means the Council met the new statutory financial closedown deadlines for Local Authorities a year earlier than required. The accounts have again been prepared to a high standard providing assurance that public resources have been used and accounted for appropriately.
- 1.3 The Audit Committee is asked to consider the issues that have arisen during the audit period and approve the final audited Statement of Accounts presented in the separate document included on this agenda. Amendments made to the draft unaudited version of the Statement of Accounts since 31 May 2017 are highlighted throughout the final document.
- 1.4 As part of the audit process the Borough Treasurer is required to write a letter of representation to the Auditor to confirm that he has fulfilled his statutory fiduciary responsibilities. Both the Borough Treasurer and the Chair of the Audit Committee are required to sign the letter. This will be carried out following approval of the Statement of Accounts by the Audit Committee. The Auditor will then issue the Audit Certificate to the Council which will be included in the published Statement of Accounts. The letter of representation is provided at Appendix One for information.
- 1.5 A copy of the draft accounts has been published on the Council's website for inspection by interested parties since 5 June 2017. The audited Statement of Accounts will be published following approval and will replace the draft unaudited version on the Council's website.

2. Key Issues for 2016/17

- 2.1 Each year, CIPFA introduce new accounting standards and amendments to existing accounting standards as well as other improvements to the Local Authority Accounting Code of Practice. For 2016/17, CIPFA has introduced two substantial changes to the Council's Accounts with the aim of improving the readers understanding. As result there are new formats for the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, and the introduction of the Expenditure and Funding Analysis.
- 2.2 The change means that the Council now reports its service income and expenditure on the same basis as it is organised i.e. by Portfolio rather than by Service Reporting Code of Practice. The aim of this is to make the accounts comparable to

the Council's in year management (budget monitoring) reports whilst still meeting the requirements of the accounting standards. To support this, the Expenditure and Funding Analysis provides a direct reconciliation between the Council's reported outturn position and the Comprehensive Income and Expenditure Statement.

- 2.3 There have been a number of significant transactions during the year which are included within the Council's 2016/17 Statement of Accounts. These include accounting for changes in the HRA housing valuations, Stockport Exchange Phase 2 development and the valuation of Merseyway shopping centre. Further detail can be found in the Borough Treasures Narrative Report and relevant disclosures included in the Financial Statements.

3. Adjustments and Updates to the 2016/17 Draft Statement of Accounts

- 3.1 The Auditor has not identified any material adjustments to the Council's draft Statement of Accounts in the course of their audit work. This is a significant achievement for the team who produce the statements as the task to prepare compliant accounts continues to be a very challenging one.

- 3.2 The following updates have been made to the Statement of Accounts as additional information became available during the audit:

- Comprehensive Income and Expenditure (including Group) – transactions for Kingsway School (an academy school) were included in the Dedicated Schools Grant line in error, overstating both gross expenditure and gross income by £6.338m. There is no overall impact on the net reported expenditure. These transactions have been removed.
- Note 17a Short Term Debtors, Note 20a Short Term Creditors, Note 32 Grant Income, Balance Sheet and Cash Flow Statement (including Group) – officers identified the following transactions that required reclassification:
 - £2.414m relating to Business Rates due to the Department for Communities and Local Government (DCLG) was within Short Term Debtors and has been reclassified as a Short Term Creditor. The Notes and Statements have been amended.
 - £3.838m payment in advance from the Department for Work and Pensions (DWP) for Housing Benefits was within Short Term Debtors and has been reclassified as a Grant Received in Advance. The Notes and Statements have been amended to reflect this.
 - Following the amendments made above, Officers carried out a full analysis of the transactions within Short Term Debtors and Short Term Creditors. A small number of minor changes between categories within each Note have been made.

- 3.3 Whilst the audit of the 2016/17 Statement of Accounts is substantially complete, at the time of writing this report there were some parts of the audit still to be finalised by the Auditor. Any subsequent matters arising as a result of this work will be presented to the Audit Committee at its meeting on 19 July 2017.

4. Recommendation

4.1 The Audit Committee is asked to:

- Consider and approve the Council's 2016/17 Statement of Accounts; and
- Minute the approval and signing (following the meeting) of the Letter of Representation by the Borough Treasurer and the Chair of the Audit Committee.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on telephone number Tel: 218 1025 or alternatively email jonathan.davies@stockport.gov.uk