
FINAL AUDITED STATEMENT OF ACCOUNTS 2016-17

To: **Governance and Audit Committee – 27 September 2017**

Main Portfolio Area: **Financial Services and Estates**

By: **Director of Corporate Resources and S151 Officer**

Classification: **Unrestricted**

Ward: **All**

Summary: For Members to approve the audited Statement of Accounts for 2016-17 and to consider the letter of representation.

For Decision

1.0 Introduction

- 1.1 The Accounts and Audit (England) Regulations 2015 require the council to consider, approve and publish the 2016-17 accounts by 30 September 2017. This may be done by way of a Committee, for Thanet it is the Governance and Audit Committee.
- 1.2 The draft Statement of Accounts for 2016-17 have now been audited by Grant Thornton. Grant Thornton are required to report whether the council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared. They are also required to reach a formal conclusion on whether the council has put in place proper arrangements to secure value for money. Grant Thornton have provided a separate report to Governance and Audit of their activities, findings and conclusion. Members are now asked to approve the audited accounts. These are provided at **Annex 1**.
- 1.3 The council, again by way of Governance and Audit Committee must also consider the letter or representation on behalf of the council; the letter is provided at **Annex 2**.

2.0 Statement of Accounts

- 2.1 A number of disclosure changes were identified during the audit process, these being numerical as well as narrative. These have no impact on the overall financial position of the council however, these changes are identified at page 21 of the Audit Findings Report presented as a separate item on this agenda.
- 2.2 The only change to the accounts from those presented previously is to Note 45, to provide greater transparency in relation to EKO, the council's share of the (profit)/loss for each year is reflected in the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure and the liability for the construction of the spine road (funded by KCC) is disclosed within other local authority creditors (Note 31).

3.0 Value for Money

3.1 Grant Thornton are also required to give a formal Value for Money conclusion based on two criteria specified by the Audit Commission which support auditors' reporting responsibilities under the Code of Audit Practice 2010. The criteria are:

- The council has proper arrangements in place for securing financial resilience
- The council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

3.2 As part of the 2016-17 audit Grant Thornton identified that they were again satisfied that the council has in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, resulting in an unqualified Value for Money opinion.

4.0 Response to Action Plan

4.1.1 Within the Grant Thornton findings report on page 33 an action plan is set out arising from the audit. The actions and the management responses are set out in Table 1 overleaf:

Table 1 - Response to Action Plan

	Recommendation	Priority	Management Response	Implementation date and responsibility
1	<p>PPE Revaluations</p> <p>To reduce the level of uncertainty in this area the council should consider the following:</p> <ul style="list-style-type: none"> - if it wishes to retain the process of considering 20% of properties per year, ensure this is calculated by value rather than the number of properties. - it should consider whether a full revaluation would be beneficial next year to ensure the whole asset base is accurately valued ahead of the earlier deadline. - whatever approach is adopted, valuations for all assets other than council Dwellings should be moved closer to the 31st of March to reduce the level of uncertainty over the valuations produced by the valuer. 	High	<p>It should be noted that the council values some of the portfolio on a 'with profits' basis and therefore the valuations will vary according to use of the asset. The portfolio is being maintained in line with the available resources which in turn could affect rental and capital values with the result that even if the council implemented the first part of the recommendation the outcome will be similar to what we are currently getting.</p> <p>The council value everything over £100k on an annual basis, and therefore it is only the remaining properties that are done on the 20% basis.</p> <p>A full revaluation is not planned for 2017-18 as it is resource intensive but could be considered as part of the 2018-19 plan including the timing of the revaluation.</p>	<p>Head of Asset Management/Head of Financial Services</p> <p>Earliest date from 2018-19</p>
2	<p>Accruals</p> <p>The council should continue to strengthen procedures around accruals during the year to ensure they are all supported by valid documentation</p>	Medium	<p>The council has a procedure where, material capital accruals are signed by the budget manager and Head of Service at year end.</p> <p>As the council will be required to close a month earlier for 2017-18, wash up meetings are planned with key staff involved in the closing process to address issues identified in the dry run process.</p>	<p>Head of Financial Services</p> <p>Ongoing</p>

3	<p>VFM – Cost Savings</p> <p>The council needs to ensure that cost savings and income generation need to be developed in excess of the estimated funding gap to help cover the possibility of unforeseen financial pressures that may arise during the course of the year.</p>	Medium	<p>The Medium Term Financial Strategy takes a prudent approach to addressing the budget gap and the budget build will focus on achievable cost savings. In addition work is underway to implement a corporate restructure with a view to delivering cost savings and other efficiency across the authority will be considered.</p>	<p>Head of Financial Services</p> <p>Ongoing</p>
4	<p>VFM – Medium Term Financial Plan</p> <p>There is also a need for the council to look longer term to ensure that savings which are needed for later years are being considered in a timely manner to reduce the risk of reserves being put under even further pressure in later years.</p>	Medium	<p>The budget build factors in the four year span of the Medium Term Financial Strategy. In addition the budget monitoring process has recently been reviewed to better focus on targeted savings on an ongoing basis. New opportunities for more efficient working and income generation are being continually reviewed by finance staff in a business partnering role with other departments.</p>	<p>Head of Financial Services</p> <p>Ongoing</p>

5.0 Options

- 5.1 That Members approve the audited accounts and meet statutory deadlines.
- 5.2 That Members do not approve the audited accounts and do not comply with statutory deadlines for the approval and publication of the accounts.

6.0 Corporate Implications

Financial and VAT

- 6.1 There are no financial or VAT implications arising directly from this report.

Legal

- 6.2 The council has a statutory responsibility under the Accounts and Audit Regulations to publish the 2016/17 accounts by 30 September 2016, together with the auditor's report.

Corporate

- 6.3 Under the Local Code of Corporate Governance accepted by Cabinet on 10 November 2004, the council is committed to publish and make available reports that give an objective and understandable account of its activities, achievements, financial position and performance.
- 6.4 The published accounts must have been subject to Member scrutiny and must give a true and fair view of the council's financial position and its income and expenditure for the year.

Equity and Equalities

- 6.5 There are no equity or equality issues arising from this report.

7.0 Recommendation(s)

- 7.1 That Governance and Audit Committee approve the Statement of Accounts for 2016/17.
- 7.2 That Governance and Audit Committee note the letter of representation to Grant Thornton issued by the Chief Executive and Director of Corporate Resources

Contact Officer:	Tim Willis, Director of Corporate Resources and S151 Officer
Reporting to:	Madeline Homer, Chief Executive

Annex List

Annex 1	Statement of Accounts 2016/17
Annex 2	TDC CEx's letter of representation to Grant Thornton.

Corporate Consultation Undertaken

Finance	N/A
Legal	Tim Howes, Director of Corporate Governance.