



Leicester  
City Council

**WARDS AFFECTED:  
ALL WARDS (CORPORATE ISSUE)**

**AUDIT & RISK COMMITTEE**

**28<sup>th</sup> September 2017**

---

**STATUTORY STATEMENT OF ACCOUNTS 2016/17**

---

**REPORT OF THE DIRECTOR OF FINANCE**

**1. INTRODUCTION**

- 1.1. The Accounts and Audit (England) Regulations 2015 require that the Council present its audited Statement of Accounts for 2016/17 by the 30<sup>th</sup> September 2017, and that these accounts are adopted by the Audit & Risk Committee.
- 1.2. The regulations also require those charged with governance – the Audit & Risk Committee – to approve a letter of management representation.
- 1.3. Auditors are to present the committee with their ‘Report to those charged with governance’ (known as the ISA 260 report) which details the conclusions of their audit work and any recommendations they wish to make.

**2. RECOMMENDATIONS**

- 2.1. The Audit & Risk Committee is recommended to:
  - 2.1.1. Note the auditors’ ISA 260 Report to those charged with Governance and the recommendations contained within it
  - 2.1.2. Adopt the audited accounts for the year ended 31<sup>st</sup> March 2017, attached at appendix A.
  - 2.1.3. Approve the letter of representation submitted by the Director of Finance, attached at appendix B.

**3. SUMMARY**

- 3.1. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital outturn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The

outturn reports focus on the in-year financial performance in a format consistent with the Council's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.

3.2. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.

3.3. The core financial statements are:

- Expenditure and Funding Analysis (EFA)

This shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices.

- Movement in Reserves Statement

This shows the movement in the year on the different reserves held by the authority. This statement distinguishes between "usable reserves" which can be used to fund expenditure or reduce local taxation and "unusable reserves" which are effectively accounting entries and not actual cash. The level of uncommitted general balances at 31<sup>st</sup> March 2017 was £15.0m, in line with the Council's financial strategy.

- Comprehensive Income and Expenditure Statement (CIES)

This shows the Council's actual performance for the year in accordance with the Code of Practice. This means that the accounts are prepared on a different basis than that used to set the Council's budget and raise Council Tax. There are a number of statutory adjustments that are made to the surplus or deficit shown on this statement to arrive at the balance on the General Fund shown in the Movement in Reserves Statement above.

- Balance sheet

The Balance Sheet shows the net worth of the Council in terms of its assets and liabilities. It shows the net value of the organisation including the balances and reserves, its long term indebtedness, together with fixed and net current assets employed in its operations.

- Cash flow statement

This statement summarises the movements in cash holdings during the year in common with the presentation required for commercial companies, although the statement is of less significance in the Local Authority context.

3.4. There have been some changes to the Code of Practice primarily concerning

the introduction of the Expenditure & Funding Analysis statement. These changes are outlined further in the Accounting Policies section of the Statement of Accounts document.

#### **4. AMENDMENTS TO THE DRAFT FINANCIAL STATEMENTS**

- 4.1. During the audit period, the need for certain amendments to the draft financial statements has come to light. These have been presentational errors or alterations to prior year figures to ensure they can be compared on a like for like basis.
- 4.2. None of these amendments have resulted in a change in the overall level of balances available to the Council to finance its ongoing operations.
- 4.3. Any additional amendments after this report was written will be presented to the Committee along with a copy of the changes in the Statement of Accounts.

#### **5. RELATED PARTIES DISCLOSURES**

- 5.1 Councillors are asked annually to declare related party transactions as part of the Statement of Accounts process. The external auditor has previously commented, in his reports to your committee, that some members do not return declarations and has asked that procedures be tightened. For 2016/17, at the point of writing this report two members have not submitted declarations of interest. One of the individuals has ceased to be a member. Continued efforts will be made to obtain the remaining declaration and a verbal update will be given at the meeting. The external auditor will again be making reference to this issue in his report to this Committee.

#### **6. LETTER OF REPRESENTATION**

- 6.1. The letter of representation is a letter signed by the Director of Finance and approved by the Audit & Risk Committee.
- 6.2. It is designed to give auditors assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the Council.

#### **7. ISA 260 Report to those charged with governance**

- 7.1. The ISA 260 Report details the conclusions of the external audit and makes any recommendations deemed necessary. Management responses to the recommendations are contained within it.

#### **8. FINANCIAL IMPLICATIONS**

- 8.1. The report is exclusively concerned with financial issues.

#### **9. LEGAL IMPLICATIONS**

- 9.1. As the report is for noting there are no legal implications arising from the recommendations contained in this report.

Emma Horton, Head of Law (Commercial, Property & Planning)

**10. OTHER IMPLICATIONS**

<b><u>OTHER IMPLICATIONS</u></b>	<b><u>YES/NO</u></b>	<b><u>PARAGRAPH REFERRED</u></b>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

**11. BACKGROUND PAPERS**

Revenue and capital outturn reports presented the Overview Select Committee on 22<sup>nd</sup> June 2017.

Closure of Accounts working papers – held in the Accountancy Section

**12. CONSULTATIONS**

All departments are consulted during the Authority's close down period.

**13. AUTHOR**

Amy Oliver  
Chief Accountant – Corporate Accountancy  
X 54 5667

**Alison Greenhill**  
**Director of Finance**