

**Title of meeting:** Governance and Audit and Standards Committee

**Date of meeting:** Governance and Audit and Standards Committee 27 July 2018

**Subject:** Statement of Accounts 2017-18

**Report by:** Director of Finance and Information Services (Section 151 Officer)

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

To consider the Statement of Accounts for 2017/18.

**2. Recommendations**

- a) That the Statement of Accounts be approved
- b) That authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2017/18 Statement of Accounts after 27 July 2018 should this be required following comments by the auditor

**3. Background**

Under the Accounts and Audit Regulations 2015 the Director of Finance and Information Services was required to sign and date the statement of accounts, and confirm that he was satisfied that the accounts presented a true and fair view of the financial position of the authority at 31 March and of the authority's income and expenditure for 2017/18, by 31 May 2018.

From 1 June 2018 to 12 July 2018 any person was able to inspect the accounts of the Council for the year ended 31 March 2018 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts and other documents relating to those records). From 1 June 2018 to 12 July 2018, a local government elector for the area of the Council, or his/her representative, could object to the Council's accounts asking that the auditor issue a report in the public interest (under schedule 7 of the Local Audit and Accountability Act 2014) and/or apply to the court for a declaration that an item in the accounts is contrary to law (under section 28 of the Local Audit and Accountability Act 2014). These rights were not exercised in respect of the Council's draft Statement of Accounts for 2017/18.

After considering comments from the auditors, and making adjustments that he felt were appropriate, the Director of Finance and Information Services (Section 151 Officer) has re-confirmed that he is satisfied that the statement of accounts presents a true and fair view of the financial position of the authority at 31 March and of the authority's income and expenditure for 2017/18. A list of non-trivial adjustments made by the Director of Finance and Resources (Section 151 Officer) is contained in the Appendix.

The Statement of Accounts 2017/18 includes an overview of the City Council's performance on pages 13 to 21 and a commentary on the financial statements on pages 22 to 34.

#### **4. Reasons for Recommendations**

The Accounts and Audit Regulations 2015 now require members of the Council to:

- a) consider the statement of accounts;
- b) approve the statement of accounts by a resolution
- c) ensure that the statement of accounts is signed and dated by the person presiding at the committee at which that approval is given

Portsmouth City Council discharges these responsibilities through its Governance and Audit and Standards Committee.

The Governance and Audit and Standards Committee now have two options:

- 1) Approve the statement of accounts
- 2) To identify areas of concern and not approve the accounts

In considering the statement of accounts the Committee should take into account any comments made by the auditor.

Under the Accounts and Audit Regulations 2015 the Council must publish its accounts together with any certificate or opinion entered by the auditor by 31 July.

The audit of the Statement of Accounts is ongoing. Therefore it is recommended that authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2017/18 Statement of Accounts after 27 July should this be required following comments by the auditor

**5. Equality Impact Assessment**

The contents of this report do not have any relevant equalities impact and therefore an equalities impact assessment is not required.

**6. Legal implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

If the statement of accounts is not approved by the Committee by 31 July the Council will be in breach of the Accounts and Audit Regulations 2015. Failure to approve and publish the accounts within the timeframe set out in the Accounts and Audit Regulations 2015 would represent a potential risk to the reputation of the Council.

**7. Director of Finance & Information Services (Section 151 Officer) comments**

All financial considerations are contained within the body of the report and the attached appendices

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Signed by Director of Finance & Information Technology (Section 151 Officer)

**Appendix: List of non-trivial amendments made by the Director of Finance and Information Services (Section 151 Officer)**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b><u>Title of document</u></b>	<b>Location</b>
1 Accounts and Audit Regulations 2015	Legislation.gov.uk website
2 Information pertaining to the audit in the possession of the Council	Financial Services

**Non-Trivial Adjustments Made to the Accounts Since Publication on 31 May**

Review of Provisions

As part of the proposed Northern Quarter Development the City Council acquired a number of properties on behalf of the developer through compulsory purchase orders. The cost of these acquisitions including the Council's costs were invoiced to the developer. The developer has reimbursed the Council for the cost of the properties but has not reimbursed the Council's costs. These costs have been fully provided for and were included under long term provisions. Following discussions with the auditors it was agreed that these should be provided for as part of the bad debt provision, ie. netted off short term debtors. This has resulted in both long term provisions and short term debtors being reduced by £2,069,000 on the balance sheet. This has no effect on either the Council's revenue accounts or its net worth.

Analysis of Long Term Debtors (Note 20)

The analysis between finance lease debtors and other long term debtors in note 20 has been amended. The finance lease debtor has been increased by £1,331,000 from £11,831,000 to £13,162,000. Other long term debtors has been reduced by £1,331,000. This has not affected the face of the Council's financial statements.