

AUDIT COMMITTEE: 26 JUNE 2018

DRAFT STATEMENT OF ACCOUNTS 2017/18

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 7.2

Reason for this Report

1. The Audit Committee Terms of Reference sets out their responsibility for Governance, Risk & Control and also Financial Reporting. This report allows the Committee to be updated with reference to the above.
2. This report has been prepared to provide Audit Committee Members with an opportunity to review and provide comments on the draft 2017/18 Statement of Accounts of :-
 - Cardiff Council including; Cardiff Harbour Authority; Cardiff Port Health Authority; Trust Funds – **Appendix 1**
 - Cardiff and the Vale of Glamorgan Pension Fund – **Appendix 2**

prior to them being signed by the Responsible Finance Officer and formally submitted for external audit and public inspection along with the Annual Governance Statement.

Background

3. The Local Government (Wales) Measure 2011 identifies the review of the Council's Statement of Accounts as a specific function of the Audit Committee.
4. The Statement of Accounts are prepared in accordance with a Codes of Practice developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), legislative and Companies Act requirements where relevant. The Accounts aim to give electors, those subject to levied taxes and charges, those charged with governance, members of the authority, employees and other interested parties, information about activities during the year.
5. The accounts are important to ensure accountability of public funds, to allow comparison across organisations and to meet legislative requirements. However they are complex documents given the requirements to be met.

6. At its March 2018 meeting, Audit Committee considered the accounting policies on which the Council's Statement of Accounts for 2017/18 were to be based, along with the key areas in the accounts where estimates and assumptions are used in preparation of the accounts. Key changes expected to be implemented for the 2017/18 accounts arising from the 2017/18 CIPFA Code of Practice (the Code) and our own internal review were also highlighted.

Issues

7. There are two administrative changes in approach that Committee should be aware of compared to previous years as follows:-
- Cardiff & the Vale of Glamorgan Pension Fund accounts are no longer presented within the Council's accounts, following changes in the Accounts and Audit (Wales) Regulations 2014. These are now a separate standalone set of financial statements
 - A decision has been taken to disclose the Annual Governance statement (AGS) as a standalone document outside of the Council's Statement of Accounts, which represents the governance arrangements of the Council and the Pension Fund.
8. The draft Annual Governance Statement (AGS) has been updated following Audit Committee consideration in March 2018, and is included in **Appendix 3**. It includes assurance statements from the Senior Management Team, the Internal Audit Manager and the Audit Committee for consideration by Audit Committee as part of agenda item 7.2.
9. The Council's statement of accounts includes:-
- a narrative report which provides a general explanation of the overall financial position
 - core financial statements
 - group accounts which consolidates the position to include the unaudited financial position of Cardiff City Transport Services Limited (Cardiff Bus)
 - accompanying by notes which provide further detail on the accounts
 - separate disclosures or accounts for the Housing Revenue Account, Trust Funds and Cardiff Port Health Authority accounts and Cardiff Harbour Authority.

Notes included in the Council's Statement of Accounts either as a result of legislative or accounting requirements include:-

- disclosures on financial instruments (financial assets and financial liabilities)
- capital expenditure and financing
- officer remuneration and exit packages and
- parking and enforcement funds

Committee have previously been provided with a document prepared by CIPFA – Understanding Local Authority Financial Statements. This is a background paper may assist members of Audit Committee and other users to understand the format of the accounts.

Next Steps

10. Current regulations require that the Responsible Finance Officer sign the accounts by 30 June 2018. A draft of Appendix 1 was provided to Wales Audit Office on 15 June and Appendix 2 on the 18 June, ahead of the statutory deadline of the 30 June 2018. The next steps are:
 - to advertise the opportunity for Public inspection for a period of four weeks
 - to complete Whole of Government Accounts returns based on the draft accounts, in July 2018
 - for all material amendments and adjustments to be agreed by Wales Audit Office and Council by end of August 2018
 - for Audit committee consideration of the final accounts, accompanying Annual Governance Statement and audit report at its September meeting, prior to Full Council
 - to publish the approved accounts by 30 September 2018 on the Council website.

Legal Implications

11. No direct legal implications arise from this report.

Financial Implications

12. No direct financial implications arise from this report.

RECOMMENDATIONS

That Audit Committee:

- I. Subject to any comments in respect of the 2017/18 draft Statement of Accounts and accompanying AGS, note that the accounts are to be signed by the Corporate Director Resources and submitted for external audit and public inspection.
- II. Note that the audited Statements and Annual Governance Statement for 2017/18 will, prior to being presented to Council, be reviewed by this Committee in September along with the audit report.

CHRISTINE SALTER

Corporate Director Resources
20 June 2018

The following appendices are attached:

Appendix 1 – Unaudited Draft Statement of Accounts 2017/18 – Cardiff Council including, Cardiff Harbour Authority, Cardiff Port Health Authority and Trust Funds
Appendix 2 - Unaudited Draft Statement of Accounts 2017/18 – Cardiff and Vale of Glamorgan Pension Fund
Appendix 3 – Draft Annual Governance Statement 2017/18

Background Paper – Understanding Local Authority Financial Statements (CIPFA – 2016)