

Report to: **AUDIT PANEL**

Date: 4 June 2019

Reporting Officer: Kathy Roe – Director of Finance
Tom Wilkinson – Assistant Director of Finance

Subject: **DRAFT STATEMENT OF ACCOUNTS 2018/19**

Report Summary: This report presents the draft Statement of Accounts for 2018/19. The draft accounts are subject to audit during June and July, with the audit due for completion and sign off before 31 July 2019. The audited statement of accounts will be presented to the Audit Panel on 23 July 2019 for approval.

Recommendations: The Panel is asked to note the draft Statement of Accounts (**Appendix 1**) and the timescales for completion of the audit.

Corporate Plan: The Corporate Plan helps determine the priorities for Council spending, which is summarised in the 2018/19 accounts.

Policy Implications: There are no wider policy implications arising from this report.

**Financial Implications:
(Authorised by the
statutory Section 151
Officer & Chief Finance
Officer)** The Statement of Accounts 2018/19 provide full details of the Council's financial position at 31 March 2019 and its income and expenditure for the year there ended.

The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards. The Council was required to prepare draft financial statements by 31 May 2019. These draft financial statements will now be subject to external audit and audited statements must be approved by 31 July 2019.

**Legal Implications:
(Authorised by the
Borough Solicitor)** There is a statutory duty imposed on the Council to be able to provide adequate evidence for all its financial activities set out in the Local Government and Housing Act 1989. The preparation of the annual accounts and the audit of those accounts is the main mechanism by which the adequacy of those records is tested.

Risk Management: The external audit provides external verification of the Council's financial statements. By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

Background Information: The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner



Telephone: 0161 342 2929



e-mail: heather.green@tameside.gov.uk

1 INTRODUCTION

- 1.1 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this was completed before 31 May 2019. External Audit will commence their work on site in June. The Audit Panel will be asked to approve the audited Statement of Accounts at its meeting on 23 July, and audited financial statements must be published by 31 July 2019.
- 1.2 The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which is based on International Financial Reporting Standards. The full financial statements are included in **Appendix 1**.

2 UPDATES TO THE 2018/19 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

- 2.1 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2018/19. In undertaking this assessment a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements. The draft accounting policies for 2018/19 were presented to the Audit Panel in March 2019. Changes have made to the accounting policies to reflect the adoption of IFRS 9 (Financial Instruments) and these changes are set out in the Accounting Policies report which is a separate item on this agenda.

3 KEY MESSAGES

- 3.1 The Comprehensive Income and Expenditure Statement (CIES) reports an overall deficit for the year of £71,007k. This deficit is for accounting purposes only and includes a number of non-cash items which are not funded from the Council's resources. The revenue outturn position reported to members in June 2019 is an overall underspend (surplus) on the revenue budget for 2018/19 of £26k. Note 1 to the financial statements provides a reconciliation between the revenue budget outturn position and the deficit reported on the CIES.
- 3.2 The Movement in Reserves Statement (MiRS) summarises the movements on the different reserves held by the Council. The level of earmarked reserves held by the Council has reduced during 2018/19 due to the planned use of reserves to fund capital expenditure and to fund investment in Children's Social Care. A further breakdown of the earmarked reserves is included in note 11 to the accounts.
- 3.3 The overall net assets of the Council reported on the Balance Sheet have reduced significantly during the year. This is in part due to the planned reduction in usable reserves, but also reflects the increase in the actuarial valuation of the Council's Local Government Pension Scheme Liabilities. The increase in the liability is due to changes in the financial assumptions used by the pension fund Actuary. The pension liability is calculated on an accounting basis, considering the whole life of the fund over the next 20-25 years. Minor changes in the financial assumptions can have a significant impact on the valuation of the scheme in the long term.
- 3.4 The 2018/19 outturn position on the Collection Fund is better than originally forecast due to income from Business Rates exceeding initial forecasts, and the level of provision required for non-collection of Council Tax and appeals against Business Rates are both lower than originally anticipated. The cumulative deficit on Business Rates will be funded from the NNDR deficit reserve in 2019/20. The cumulative surplus on Council Tax will be transferred

to earmarked reserves in 2019/20, and the Medium Term Financial Plan assumes that this surplus will be used to support the budget over the next five years.

4 RECOMMENDATIONS

4.1 As set out on the front of the report.