



Hinckley & Bosworth
Borough Council

A Borough to be proud of

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

Audit Committee

22 June 2017

WARDS AFFECTED: ALL WARDS

FINANCIAL STATEMENTS 2016/17

Report of Head of Finance

1. PURPOSE OF REPORT

- 1.1 To present to the Audit Committee the draft Annual Governance Statement and Financial Statements for 2016/17 that will be subject to external audit.

2. RECOMMENDATION

- 2.1. To review the 2016/17 unaudited Financial Statements prior to approval and consider whether the accounts reflect their understanding of the position of the council has reported during the year.
- 2.2. To review the draft Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

3. BACKGROUND TO THE REPORT

- 3.1 In accordance with Accounts and Audit regulations, draft Financial Statements have to be signed off by the 30th of June 2017 and ready for public inspection on the 1st July 2017. The attached draft statement was completed on the 14 June and signed off by the Head of Finance (s151 Officer) on the 14 June. The statement has been supplied to our External Auditor (Ernst & Young) for them to complete and report back to the Audit Committee.
- 3.1.1 The Audit Committee will have delegated authority to approve the accounts for 2016/17 for the first time, following proposed changes to the Constitution being approved in July. The Unaudited accounts are presented to help in the process with the final audited accounts being approved by the Audit Committee in August.
- 3.1.2 The main elements of the Financial Statements are noted below with a brief narrative explanation of their purpose:

Section of Accounts	What it covers
Comprehensive Income and Expenditure Statement (CIES)	The CIES covers the sources of all income received and the cost of providing services in the year based on applicable accounting standards and CIPFA requirements.
Movement in Reserves Statement (MiRS)	The MiRS shows the movement in the year on the various reserves held by the Council.
Expenditure & Funding Analysis	This is a reconciliation between management's internal reporting and the CIES, which is based on the requirements of accounting standards as interpreted for the public sector.
Balance Sheet	The Balance sheet gives the value of the Council's assets and liabilities at the financial year-end.
Cash Flow Statement	The cash flow statement discloses movements in cash flows of the authority during the financial year.
Notes to the financial statements	These include a summary of significant accounting policies that guide our basis for the way items are accounted for in the financial statements.
Supplementary Statements: Housing Revenue Accounts, and Collection Fund	These are the Housing Revenue Account (HRA) and Collection Fund. The HRA covers the income from housing activities and Council's expenditure on Council housing. The Collection Fund gives level of business rates and council tax that the Council has to collect, not only for itself, but also for precepting authorities in Leicestershire.
Annual Governance Statement	The Council has approved and adopted a code of corporate governance. The Annual Governance Statement provides a summary of how the Council has reviewed compliance with this code.

3.2 A public inspection notice has been placed within the Council's website and at the front of the Council Offices.

3.3 The draft outturn for the HRA and General Fund set out below is broadly in line with those reported the Executive:-

	31st March 2016	Movement	31st March 2017
	£000's	£000's	£000's
General Fund inc SEA	1,515	246	1,761
HRA	991	(121)	870

3.4 There have been two major changes in the Statements presentation this year.

- The Corporate Income and Expenditure Account is now based on the management outturn structure rather than the previous structure which was based on CIPFA's headings. So assist users of the statement there is a reconciliation statement which reconciles the old statement to the new statement.
- The movement in reserves statement which summarises the Council Reserves position has been changed in accordance with CIPFA guidance to reflect the fact earmarked reserves and fund balances are now merged and not shown separately.

There are a few presentational changes to make to the accounts and do not impact on General Fund and HRA balances.

- 3.5 Once the External Audit has been completed, the Audit Committee will be asked to approval the Final Statement of Accounts. As part of this process, the External Auditors will report back to this Committee detailing findings in their Audit Finding Report and which reports on key issues found during the audit if needed.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 This report is to be taken in open session

5. FINANCIAL IMPLICATIONS [IB]

- 5.1 Contained in the body of the report.

6. LEGAL IMPLICATIONS [AR]

- 6.1 None

7. CORPORATE PLAN IMPLICATIONS

- 7.1 The Budget and outturn contributes to the achievement of all Corporate Plan Priorities.

8. CONSULTATION

- 8.1 No direct consultation

9. RISK IMPLICATIONS

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	Adequate resource allocation, partnership working. Budget Planning Workshops for Capital and Revenue financial planning. Consultation on Corporate Priorities through Citizens Panel. Education/training for Members, Adequate consultation. Knowledge transfer, contingency plan, engage partners, robust project management. Raise awareness of late implications of c/tax setting and capping/Benchmark with best practice. Consultation with cross-party members results from budget planning workshops.	A Wilson

10. KNOWING YOUR COMMUNITY - EQUALITY AND RURAL IMPLICATIONS

- 10.1 There are no direct implications arising from this report.

11. CORPORATE IMPLICATIONS

- 11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: Civica reports.

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