

Subject:	Annual Governance Statement and Statement of Accounts 2017/18	Status:	For Publication
Report to:	Audit & Accounts Committee	Date:	27 th July 2022
Report of:	Head of Finance	Portfolio Holder:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1. RECOMMENDATIONS

- 1.1 That Members note the contents of this report, and the changes made to the Annual Governance Statement and the Statement of Accounts 2017/18 (Appendix 1) since the draft was submitted in June 2018.
- 1.2 Members approve the Letter of Representation regarding the 2017/18 Accounts (Appendix 2).
- 1.3 Members approve the attached Annual Governance Statement and Statement of Accounts 2017/18 (see Appendix 1).

2. Executive Summary

- 2.1 The purpose of the report is to update Members on the changes made to the Accounts for 2017/18 during the audit process.

3. BACKGROUND

3.1 Statement of Accounts 2017/18 (Appendix 1) and the audit process since June 2018

The original draft Annual Governance Statement and Statement of Accounts for 2017/18 were brought to this Audit & Accounts Committee in June 2018 and then submitted for public scrutiny and external audit. During the audit process the operation of the East Lancs Empty Homes Scheme, and the accounting treatment of the Homes and Communities Agency (HCA) Grant for the Scheme, from the 2014/15 Accounts were still ongoing.

Once the accounting treatment for the scheme was approved the 2014/15 Audited Accounts were signed off, followed by sign off of the 2015/16 and 2016/17 Accounts. The 2017/18 Accounts have been updated with all changes arising from those audits. In addition to the above amendments the 2017/18 Accounts have required amendments relating to asset valuations and the accounting treatment of the sale of Rossendale Transport Ltd.

3.2 Changes from the original draft submitted in June 2018

The major changes from the original draft version fall into the following categories

- Changes fed through from the audit of the 2016/17 Accounts and the preceding years

- Changes relating to asset valuations
- Changes arising from the sale of Rossendale Transport Ltd.

3.3 Other changes arising from the audit

There have been various other adjustments to the accounts which are detailed within the Audit Findings Report.

3.4 Impact

Members should note that the implications from the required changes to the accounting treatment of the sale of Rossendale Transport Limited have resulted in the proceeds from the sale being treated as a capital receipt rather than revenue income as originally reported. The subsequent adjustments have resulted in the unapplied capital receipts reserve as at 31st March 2018 increasing to £3.378m from the originally reported £2.48m and the closing balance of revenue reserves reducing from £6.166m to £5.521m.

3.5 Letter of Representation - 2017/18 Accounts

This letter, from the Chair of this Committee and the Head of Finance, is to provide the External Auditor with the required assurances as to the completeness of the 2017/18 financial statements, the working papers and the disclosures made to the auditor. Members are asked to consider the contents of this letter and then approve its signature and submission to the Auditor.

COMMENTS FROM STATUTORY OFFICERS:

4. SECTION 151 OFFICER

4.1 Financial matters are noted in the report attached.

5. MONITORING OFFICER

5.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

6. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

6.1 Unless specifically commented upon within the report, there are no implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy section.

7. CONCLUSION

7.1 The changes made during the audit have had a significant impact on the 2017/18 Accounts, the changes will now be worked through the subsequent years accounts prior to their submission to external audit. The changes to the accounting treatment of the sale of Rossendale Transport has had a major impact on the level of reserves due to the fact that the sale income is now treated as capital rather than revenue. When running the adjustments through the subsequent years accounts, Officers will seek to maximise the use of the additional capital receipt in order to replenish the revenue reserves, with the aim of returning the revenue reserves to the level reported in the February 2022 MTFS by the time the 2020/21 Accounts are finalised.

Background Papers	
Document	Place of Inspection
Annual Governance Statement and the Statement of Accounts 2017/18	Appendix 1
Letter of Representation regarding the 2017/18 Accounts	Appendix 2

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