

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	FINANCIAL STATEMENTS 2017/18		
DATE OF DECISION:	30 JULY 2018		
REPORT OF:	SECTION 151 OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>In accordance with the Accounts and Audit Regulations 2015 the Financial Statements 2017/18 were signed by the Section 151 (S151) Officer on 8 May 2018 which is earlier than the statutory requirement to have the statements signed by 31 May. A copy of the latest Financial Statements is available in the Members Room.</p>	
<p>The year-end audit, carried out by our auditors Ernst & Young, commenced on 21 May 2018 and is due to be completed prior to this meeting. This report details the findings to date, noted in the draft annual report of any major changes to the Financial Statements arising from the annual audit. Any further changes, identified on submission of the final audit report, which is expected prior to this meeting, will be presented at this meeting.</p>	
RECOMMENDATIONS:	
That Governance:	
	(i) Notes the changes to the Financial Statements 2017/18 as a result of the annual audit as detailed in paragraphs 5 to 8 and appendix 1.
	(ii) Approves the audited Financial Statements 2017/18.
	(iii) Receives a report from management, at a future date, regarding the plans being put in place to address the value for money conclusion.
REASONS FOR REPORT RECOMMENDATIONS	
1.	It is a legal requirement that the Statement of Accounts 2017/18 is considered and approved by this committee and signed by the person presiding at this meeting by 31 July 2018.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	The Financial Statements have been prepared in accordance with statutory requirements. No other options have been considered as it is a legal

	requirement that the Financial Statements are prepared, and signed by the person presiding at this meeting, no later than 31 July 2018.
DETAIL (Including consultation carried out)	
	CONSULTATION
3.	Not applicable.
	FINANCIAL STATEMENTS
4.	<p>The Financial Statements are a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Committee were presented at its meeting on 11 June 2018. A copy of this is available in the Members Room or by following the link below.</p> <p>Governance Committee 11 June 2018</p>
	FINANCIAL STATEMENTS AMENDMENTS
5.	The Financial Statements for 2017/18 have been completed earlier this year in recognition that it is now a legal requirement to have the accounts certified by 31 May and audited by 31 July. Southampton City Council produced their reports ahead of this timeframe with the draft accounts being signed on the 8 th May, releasing staff to work alongside other council officers on 2018/19 financial position. The draft annual report includes a number of adjustments, none of which change the overall bottom line position for the Council for 2017/18.
6.	There were no material misstatements to the accounts, however there were a number of other minor numerical and typographical changes to the Draft Financial Statements signed by the S151 Officer on 8 May 2018.
7.	<p>The latest Financial Statements, along with full details of changes made, are available in the Members Room. The main adjustments to the statements are outlined below, with further details in Appendix 1:</p> <ul style="list-style-type: none"> • Reclassification of a property from Investment Property to Property, Plant & Equipment and consequential change to the basis of valuation. • Correction for transposition of prior year figures for Finance and Leader's portfolios in the Expenditure and Funding Analysis (EFA) and Comprehensive Income and Expenditure Statement (CIES); • Amendment to add earmarked reserves movement to Other Income & Expenditure in the EFA; • Adjustment to EFA and CIES for removal of internal recharges for investment property not required to be applied to Leader's Portfolio; • For the note on exit packages, amendment to the number and total cost of exit packages disclosed in each band; • Additional information provided for the prior period adjustment of the leases note; • For the cash and cash equivalents note, amendment to separately disclose Call Accounts from those for Money market Funds. <p>Consequential amendments to the Financial Instruments note.</p>

8.	The full details of adjustments to the statements and notes are detailed in Appendix 1.
9.	<p>Audit Conclusion</p> <p>Elsewhere on the agenda the report of the external auditor, EY, details their findings and opinions on both the statement of accounts and the arrangements in place to secure economy, efficiency and effectiveness in the council's use of resources (known as the Value for Money conclusion).</p> <p>The statement of accounts have received an unqualified opinion (subject to the final pieces of work being completed).</p> <p>The Value for money conclusion is a positive one with the exception of a couple of items. This is detailed in the External auditors report. Management have already started drawing up plans to address this and we would recommend that governance committee receive a report at a later date to review these plans.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	The capital and revenue implications were considered as part of the General Fund Capital Outturn report and the General Fund Revenue outturn report that were presented to Council on 18 July 2018.
<u>Property/Other</u>	
11.	A property has been reclassified from Investment Property to Property, Plant & Equipment. This has no effect on the resources available to the Council.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	Accounts and Audit Regulations 2015.
<u>Other Legal Implications:</u>	
13.	None.
RISK MANAGEMENT IMPLICATIONS	
14.	Not applicable
POLICY FRAMEWORK IMPLICATIONS	
15.	Not applicable. It should be note that the Financial Statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2017/18.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Revisions made to the Statement of Accounts 2017/18
2.	
Documents In Members' Rooms	
1.	Latest amended Financial Statements 2017/18
2.	

Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		