



## **AUDIT COMMITTEE – 25TH JULY 2017**

**SUBJECT: FINANCIAL STATEMENTS FOR 2016/17**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES &  
SECTION 151 OFFICER**

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### **1. PURPOSE OF REPORT**

- 1.1 To present the Audit Committee with the External Auditor's Audit of Financial Statements Report.
- 1.2 To seek a recommendation from the Audit Committee that Council approves the 2016/17 Financial Accounts at the Special Council meeting on the 31<sup>st</sup> July 2017.

### **2. SUMMARY**

- 2.1 The 2016/17 Draft Financial Statements were prepared and submitted to the External Auditor, Grant Thornton, on the 19<sup>th</sup> June 2017 in accordance with the agreed timetable.
- 2.2 The Draft Financial Statements have since been subject to External Audit review and this work is substantially complete with only final testing in a small number of areas currently outstanding.
- 2.3 The External Auditor's Audit of Financial Statements Report (Appendix 1) and the 2016/17 Financial Accounts (Appendix 2) reflect the audit work completed to date.
- 2.4 The Audit Committee will receive a verbal update at its meeting on the 25<sup>th</sup> July 2017 on any matters arising from the audit work that is yet to be completed.

### **3. LINKS TO STRATEGY**

- 3.1 The Financial Accounts deal with resources available to the Authority that influence the delivery of policies and strategies.
- 3.2 Effective financial planning and robust budget management support the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
  - A prosperous Wales.
  - A resilient Wales.
  - A healthier Wales.
  - A more equal Wales.
  - A Wales of cohesive communities.
  - A Wales of vibrant culture and thriving Welsh Language.
  - A globally responsible Wales.

## **4. THE REPORT**

- 4.1 The External Auditor's Audit of Financial Statements Report states that it is the Auditor General's intention to issue an unqualified audit report on the 2016/17 Financial Accounts based on the audit work completed to date.
- 4.2 The Auditor's Report provides details of an uncorrected misstatement that is currently being looked into further by Officers. This relates to ongoing work on cash balances within the accounts and a balance of £629k held as a reconciling item within the bank reconciliation. This arose in 2013/14 when the Council transferred its banking activities from the Co-Operative Bank to Barclays Bank with the temporary transfer of some cash and investment balances to the Royal Bank of Scotland. The Audit Committee will receive an update on this matter at its meeting on the 25<sup>th</sup> July 2017.
- 4.3 Appendix 3 of the Auditor's Report provides details of misstatements identified during the audit process which have subsequently been corrected by management. It is important to stress that these adjustments have no impact on cash or general fund balances.
- 4.4 The 2016/17 Financial Accounts attached as Appendix 2 of this report incorporate all of the corrected misstatements identified in the Auditor's Report.
- 4.5 Appendix 4 of the Auditor's Report provides details of recommendations arising from the 2016/17 financial audit work along with the management responses.

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 Effective financial planning and robust budget management are key elements in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 There are no equalities implications arising from this report.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 As identified throughout the report.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no direct personnel implications arising from this report.

## **9. CONSULTATIONS**

- 9.1 There are no consultation responses that have not been reflected in this report.

## **10. RECOMMENDATIONS**

- 10.1 The Audit Committee is asked to: -
  - 10.1.1 Receive and comment upon the External Auditor's Audit of Financial Statements Report.
  - 10.1.2 Note the management responses to the Auditor's recommendations arising from the 2016/17 financial audit work.

10.1.3 Recommend to Council that the 2016/17 Financial Accounts are approved subject to any changes that may be required as a result of ongoing audit work.

## **11. REASONS FOR THE RECOMMENDATIONS**

11.1 To ensure that the 2016/17 Financial Accounts are approved and submitted to the Wales Audit Office (WAO) in accordance with statutory requirements.

## **12. STATUTORY POWER**

12.1 Accounts and Audit (Wales) Regulations 2014.

Author: Stephen Harris, Interim Head of Corporate Finance  
Tel: 01443 863022 E-mail: [harrisr@caerphilly.gov.uk](mailto:harrisr@caerphilly.gov.uk)  
Consultees: Nicole Scammell, Acting Director of Corporate Services & S151 Officer  
Andrew Southcombe, Finance Manager (Corporate Finance)  
Gail Williams, Interim Head of Legal Services & Monitoring Officer

Background Papers:  
Working Papers for 2016/17 Financial Accounts

Appendices:  
Appendix 1 Audit of Financial Statements Report  
Appendix 2 2016/17 Financial Accounts