

Audit Committee

16 October 2018



Report of: The Director of Finance

Title: Statement of Accounts 2017/18

Ward: City Wide

Officer Presenting Report: Denise Murray

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Recommendation

The Audit Committee approve the Statement of Accounts for the year ended 31 March 2018.

Summary

The Statement of Accounts sets out the Council's financial position as at the 31 March 2018 along with a summary of its income and expenditure for the year to 31 March 2018. The financial statements are the main method of demonstrating financial accountability and stewardship.

The audit has identified a number of changes to the draft accounts published in May. The main change relates to the valuation of Heritage Assets and results in a prior year restatement. There have also been balance sheet reclassifications for two provisions and the Council's preference share holding in its subsidiaries. These and a number of minor changes have been agreed and incorporated into the revised Statement of Accounts attached at Appendix 1.

Policy

None affected by this report. BDO are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements, namely the Local Audit and Accountability Act 2014.

Consultation

1. Internal

Service Directors and the Finance Team

2. External

The draft accounts were available for public inspection.

Background and Context

1. The Council's Statement of Accounts has been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) which is based on International Reporting Standards (IFRS). This is necessary to ensure that accounts of all Government funded bodies provide comparable and consistent information.
2. Consequently the accounts are a complex and technical document. The Narrative Report at pages 2 to 16 of the Statement aims to provide a general guide to the items of interest and highlight some of the more significant matters that have determined the position for the financial year ending 31 March 2018
3. The External Auditors, BDO, will issue and present their opinion in respect of the financial statements at the meeting. Prior to approving the accounts the Auditor requires that the Audit Committee considers the matters raised in the Annual Governance Statement for 2017/18, which is presented as a separate report to this agenda.
4. The Audit has identified the requirement for a number of changes to the draft accounts published in May 2018. The most significant involves a prior period adjustment in respect of Heritage Assets.
5. During 2017/18 the City Council's insurance provider carried out an in-depth review of heritage assets held in the Council's museum collections. This has resulted in a significant increase in the valuation of these assets, in such instances where a reliable replacement cost could now be determined. This results in an increase in value of £98m. It has been determined that this related to assets held by the Council prior to 1 April 2016. There were no further acquisitions or changes in value during 2016/17. During 2017/18 there were further revaluations to the collection resulting in a further increase in value of £2m. These changes have been reflected in the accounts including a restatement of the balance sheet for 2016/17 and the inclusion of a restated balance sheet for 2015/16.
6. There have also been a number of balance sheet reclassifications agreed with the External Auditor. The accounts have previously classified the Council's preference share holding in its subsidiaries as equity (long term investment). This has been reclassified as a long term debtor.

7. Two provisions have been reclassified, a provision relating to schools converting to academies has been moved to reserves and a provision for costs associated with Long Ashton Park and Ride has been moved to creditors as an invoice had been received in 2017/18.
8. Under the Property Plant and Equipment (Note 20) we have added a detailed note setting out the position relating to Bristol Arena following the Cabinet Decision of 4 September 2018. No changes to the accounts.
9. The Senior Officer Remuneration note has been updated to reflect the reclassification of six months of the ex - Chief Executive's remuneration from salary to compensation for loss of office. No changes to the actual accounts and no additional cost to the Council.
10. There were a number of other minor changes agreed with the Auditor and these have been incorporated into the revised Statement of Accounts attached at Appendix 1.
11. The External Auditors are nearing the completion of their audit and will issue their opinion to the accounts in a separate report to be presented to this Committee, and that will then be incorporated in the final published statement.
12. The Council is required to provide a Letter of Representation in connection with the audit of the financial statements for the purpose of expressing an opinion as to whether those statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and applicable law (see appendix 2). This must be signed off following consideration of the Statement of Accounts by Committee.

Other Options Considered

3. Not applicable

Risk Assessment

4. None necessary for this report

Public Sector Equality Duties

5. None necessary for this report

Legal and Resource Implications

Legal

The Accounts and Audit Regulations require the Council to publish a Statement of Accounts by 31 July 2018. Where the audit of the accounts has not been concluded by this date the Statement should be published as soon as reasonably practicable following receipt of the External Auditors report.

Financial

(a) Revenue

This is a report of the Director of Finance and any financial implications are detailed in the body of the report and appended Statement of Accounts

(b) Capital

As above

Land

Not Applicable

Personnel

Not Applicable

Appendices:

Appendix 1 Annual Statement of Accounts 2017/18

Appendix 2 Letter of Representation (to follow)

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None