



AUDIT COMMITTEE

Date Written	27 th August 2019
Report Author	Steve Jones/Adele Lewis
Service Area	Finance
Committee Date	9 th September 2019

To: Chair, Ladies and Gentlemen

Statement of Accounts 2018-19

1.0 SUMMARY OF THE REPORT

- 1.1 This report is to present the Final Audited Statement of Accounts for the 2018/19 financial year (refer to Appendix A).
- 1.2 The report details legislation governing the process for the compilation of the Statement of Accounts for the 2018/19 financial year and a brief summary of the revenue, capital and financial position as at the 31st March 2019.

2.0 RECOMMENDATIONS that

- 2.1 The Audited Statement of Accounts for 2018/19, being the financial year ended 31st March 2019, be considered and recommended to the Council of 11th September 2019 for approval.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Accounts and Audit (Wales) Regulations 2014 were amended in 2018 to bring forward the timetable for publishing the statement of accounts. The Regulations now require the responsible financial officer, by the 15th June to sign and date an unaudited Statement of Accounts and certify that it presents a true and fair view of the financial position of the Authority at the end of 31st March 2019. The Statement of Accounts 2018/19 were signed and dated 30th May 2019, two weeks earlier than the required deadline.

- 3.2 Audit Committee of 24th June 2019 noted the unaudited Provisional Statement of Accounts 2018/19.
- 3.3 The amended Accounts and Audit (Wales) Regulations now require final audited accounts to be reported to Council for approval prior to 15th September 2019, with best practice also recommending reporting to Audit Committee.
- 3.4 In accompanying the Audited Statement of Accounts (refer to Appendix A) this report is an Executive Summary of the financial performance of the Council during the financial year ended 31st March 2019.
- 3.5 The Appointed Auditor, the Wales Audit Office is intending 'sign-off' of the accounts after Council approval on 11th September 2019.

4.0 INTERNATIONAL FINANCIAL REPORTING STANDARDS

4.1 The Statement of Accounts for 2018/19 is prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Service Reporting code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS). The Statement of Accounts incorporates the following financial statements:

- Expenditure Funding Analysis
- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow

5.0 JOINTLY CONTROLLED OPERATIONS

- 5.1 Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers' that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity.
- 5.2 For the 2018/19 Statement of Accounts the Authority reflected its share, 46.60% of the transactions of the Llwydcoed Crematorium Joint Committee and 6.31% of the transaction of the Central South Consortium Joint Committee and 3.94% of the transactions for the Cardiff Capital Region City Deal Joint Committee into the Authority's Accounts on a line-by-line basis.

6.0 FINAL AUDITED STATEMENT OF ACCOUNTS

- 6.1 The Statement of Accounts has been audited over the last three months by the External Auditor, Wales Audit Office. The External Auditor is reporting the audit findings to this Audit Committee of 09th September 2019 within the Audit of the Financial Statements Report agenda item. The audit identified no amendments to either the provisionally reported revenue or capital outturn position.

7.0 FINANCIAL IMPLICATION(S)

7.1 Revenue Outturn:

The General Fund Revenue to outturn budget for 2018/19 is as follows:

Summary	Revised Budget 2018/19 £'000	Outturn £'000	Variance	
			£'000	%
<u>People and Performance</u>				
Social Services	32,090	33,401	1,311	4.09
Learning	44,566	44,755	189	0.42
Total	76,656	78,156	1,500	1.96
<u>Place and Transformation</u>				
Deputy Chief Executive Services	2,273	2,207	-66	-2.90
Community Regeneration	3,495	3,322	-173	-4.95
Neighbourhood Services	10,503	10,702	199	1.89
Corporate Services	4,013	4,077	64	1.59
Finance	1,070	1,011	-59	-5.51
Legal	1,736	1,664	-72	-4.15
Human Resources & Organisational Development	673	616	-57	-8.47
Total	23,763	23,599	-164	-0.69
<u>Corporate Costs</u>				
Corporate Management - Executive	1,581	1,549	-32	-2.02
Corporate Authority	17,711	17,704	-7	-0.04
Total	19,292	19,253	-39	-0.20
<u>Contributions / Recharges</u>				
Collection Fund Surplus	-820	-915	-95	11.59
Corporate Vacancy Factor	42	0	-42	-100.00
Contribution from Budget Reserve	-1,469	-2,029	-560	-38.12
Contribution from Living Wage Reserve	-275	-275	0	0.00
Contribution from Corporate Investment Fund	-184	-184	0	0.00
Employee Severance Costs	1,056	1,002	-54	-5.11
Capitalisation of Severance costs	-600	-546	54	9.00
Release from Provisions	0	-600	-600	n/a
Total	-2,250	-3,547	-1,297	-57.64
Net Expenditure	117,461	117,461	0	0.00

7.1.1 For 2018/19 the Council is reporting a revenue deficit of £560,000, funded by a further contribution from the earmarked Budget Reserve. The deficit position results from financial pressures within the Social Services budget and in particular within the Children Looked After budgets.

7.1.2 The most significant movements from budget to outturn were presented to the Audit Committee on 24th June 2019 and were reported to Cabinet on 19th June 2019.

7.2 Capital Outturn

The Capital Outturn to Budget for 2018/19 is as follows, this outturn position has been amended for minor presentational changes during the audit.

Summary	Revised Budget £'000	Outturn 2018/19 £'000	Variance	
			£'000	%
Expenditure:				
21st Century Schools Programme	422	428	6	1.42
Education Other	618	550	-68	-11.00
Physical Regeneration Programme	700	689	-11	-1.57
Riverside	294	267	-27	-9.18
Engineering & Transport Infrastructure	1,787	1,797	10	0.56
Housing & Corporate	6,640	5,725	-915	-13.78
Totals	10,461	9,456	-1,005	-9.61
Financed by:				
Borrowing	3,579	3,210	-369	-10.31
Capital Grants & Contributions	5,674	5,045	-629	-11.09
Own Resources	1,208	1,201	-7	-0.58
Totals	10,461	9,456	-1,005	-9.61

7.2.1 In 2018/19, the Authority spent £9.4 million on capital projects compared to the planned Capital Programme of £10.5 million. Although not all the planned capital funding was utilised, where appropriate no funding is lost as the monies are carried over into the 2019/20 financial year.

It should also be noted that the Council has incurred a further £485,000 capital expenditure as a contribution to the Cardiff Capital Region City Deal Programme, to be financed through borrowing.

7.2.2 The most significant movements from budget to outturn were presented to the Audit Committee on 24th June 2019 and were reported to Cabinet on 19th June 2019.

7.3 Financial Position

7.3.1 At 31st March 2019 the Authority's general balances and reserves not earmarked for any specific purpose totals £4.700 million (31st March 2018 - £4.700 million), equating to 3.91% of the Council's Budgeted Net Revenue Expenditure for 2019/20, in compliance with the Council's Corporate Reserves Policy.

**ELLIS COOPER
DEPUTY CHIEF EXECUTIVE**

**COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES**

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Closure of Accounts Working papers	March 2019 to August 2019	Accountancy
Does the report contain any issue that may impact the Council's Constitution?		No