



**LEE VALLEY REGIONAL PARK AUTHORITY**

**AUDIT COMMITTEE**

**5 JULY 2018 AT 14:45**

**Agenda Item No:**

**5**

**Report No:**

**AUD/92/18**

## **DRAFT UNAUDITED FINAL ACCOUNTS 2017/18**

Presented by the Director of Finance & Resources

### **SUMMARY**

This report details the draft unaudited Statement of Accounts for 2017/18 and summarises the headlines from those financial statements. The Accounts are subject to external audit, which commenced on 18 June 2018 and was recently completed on 29 June 2018.

Actual operational spending on all Authority facilities and services was £0.1m below budget (including the 2016/17 carry forwards) and was reported to Executive Committee in May (Paper E/565/18) with all variations fully explained.

Further adjustments to the Financial Statements were required in respect of capital financing and the Pension Fund. The result is an end of year position on the income and expenditure account of a £0.4m deficit (compared to a budgeted deficit of £0.5m) and has reduced the General Fund reserve by £0.4m.

The Accounts demonstrate that the Authority retains its strong financial position. Maintaining that position is a cornerstone of the Authority's Financial Strategy, as it provides the capacity to innovate, lead developments and support the challenges of the Business Plan.

### **RECOMMENDATIONS**

Members Approve: (1) that any Member comments/amendments can be considered and approved by the Director of Finance & Resources in conjunction with the Chair of the Audit Committee and incorporated into the final Draft Accounts; and

Members Note (2) that the Statement of Accounts for 2017/18 summarised in this report (and available electronically as Appendix A to this report) will be signed off by the Director of Finance & Resources by 31 July 2018, subject to any comments/amendments received from Members.

## BACKGROUND

- 1 The Accounts and Audit Regulations 2015 require the Authority's Accounts to be certified by the Director of Finance & Resources by 31 July 2018.
- 2 The Accounts audit was completed on 29 June by the external auditors. The auditors' findings and conclusions are incorporated into the Audit Results Report which is an item on the agenda of this Audit Committee meeting.
- 3 The early finalisation of the Accounts means that there may still be further minor adjustments that arise. Therefore if Members wish to add comments, these can then be accommodated before a final draft of the Accounts is finalised.
- 4 The most significant matters identified by the Accounts to date are summarised below.

## SERVICE SPENDING

- 5 Provisional actual expenditure for each service and venue has been reported to Executive Committee, in the Provisional Revenue Outturn report in May (Paper E/565/18). Spending on all our venues and services generated a £0.1m under spend against the approved budget. The under spend is fully explained in the Provisional Revenue Outturn report.
- 6 Executive Committee Members also approved a carry forward of **£102,000** from the 2017/18 budget as set out in the Provisional Revenue Outturn. The General Fund reserve will reduce to £4.1m by the end of 2018/19 if actual expenditure matches budget as detailed below:

	<u>£m</u>
2017/18 General Reserve	4.2
2017/18 Approved carry forward	0.1
Estimated Closing balance 2018/19	4.1

## CAPITAL SPENDING AND FINANCING

- 7 Gross capital expenditure, including Asset Maintenance, totalled £4.6m compared to the approved Capital Programme of £6.1m. While gross capital income totalled £0.3m compared to the approved Capital Programme of £0.8m. The net outturn is fully explained in the Provisional Capital Outturn reported to Executive Committee in May (Paper E/562/18).
- 8 Capital spending has been financed as follows:

	<u>£m</u>
Capital Grants Applied	0.3
Revenue Financing	0.9
Major Repairs Fund	1.0
Capital Fund	0.1
Capital Receipts	<u>2.3</u>
<b>Total</b>	<b><u>4.6</u></b>

## GENERAL RESERVES

- 9 The General Reserves have decreased at the year-end by £0.4m but remain

above the minimum reserve level of £4m approved by Members as part of the 2018/19 budget setting process. Carry forwards from 2017/18 (£0.1m) will result in an estimated General Fund reserve at the end of 2018/19 of £4.1m.

- 10 The table below shows the level of the General Fund reserve over the last five years.

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m	£m
General Fund	8.7	7.6	4.7	4.8	4.6	4.2

### ANNUAL GOVERNANCE STATEMENT 2017/18

- 11 The Authority has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Good Governance in Local Government*. This statement explains how the Authority has complied with the Code; and also meets the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 in ensuring that there is a sound system of internal control and that this Committee approves the Annual Governance Statement.
- 12 Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement and for it to be published with the Financial Statements.
- 13 Assurance derived through the monitoring of processes, including risk management, provides evidence which allows the Authority to form conclusions on the efficiency and effectiveness of operations. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:
- the Authority's policies are put into practice;
  - the organisation's values are met;
  - laws and regulations are complied with;
  - required processes are adhered to;
  - financial statements and published information is accurate and reliable; and
  - human, financial and other resources are managed efficiently and effectively.
- 14 The Annual Governance Statement is included with the Statement of Accounts and was approved by Members of this Committee at its meeting on 21 June 2018 (Paper AUD/91/18).

### ENVIRONMENTAL IMPLICATIONS

- 15 There are no environmental implications arising directly from the recommendations in this report.

### **EQUALITY IMPLICATIONS**

16 There are no equality implications arising directly from the recommendations in this report.

### **FINANCIAL IMPLICATIONS**

17 These are dealt with in the body of the report.

### **HUMAN RESOURCE IMPLICATIONS**

18 There are no human resource implications arising directly from the recommendations in this report.

### **LEGAL IMPLICATIONS**

19 There are no legal implications arising directly from the recommendations in this report.

### **RISK MANAGEMENT IMPLICATIONS**

20 These are summarised within the Annual Governance Statement included within the Statement of Accounts.

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### **PREVIOUS COMMITTEE REPORTS**

Audit	AUD/91/18	Annual Governance Statement	21 June 2018
Executive	E/565/18	Revenue Budget Performance 2017/18 – Provisional Outturn	24 May 2018
Executive	E/562/18	Capital Programme- Provisional Outturn 2017/18	24 May 2018
Audit	AUD/87/18	Accounting Policies & Accounts Closedown Timetable 2017/18	22 February 2018

### **APPENDIX (Available electronically)**

Appendix A            Statement of Accounts 2017/18