

## **FINAL ACCOUNTS 2017/18**

<b>Head of Service/Contact:</b>	Lee Duffy, Treasurer to the Conservators
<b>Annexes/Appendices (attached):</b>	<b>Annex 1</b> – 2017/18 Cost Centre Accounts <b>Annex 2</b> – Financial Statements 2017/18 <b>Annex 3</b> – Annual Governance and Accountability Return 2017/18
<b>Other available papers (not attached):</b>	Final Accounts Working Papers

### **Report summary**

**This item reports on the final accounts for the financial year 2017/18 and the financial position as at 31 March 2018.**

### **Recommendations**

- (1) That the final accounts for 2017/18 be received, subject to external audit.**
- (2) That the Conservators approve the Annual Governance Statement as set out in section 1 of Annex 3 to this report.**
- (3) That the Conservators consider and approve the Accounting Statements as set out in section 2 of Annex 3 to this report.**
- (4) That the Conservators confirm that the arrangements for the internal audit as set out in this report are effective for auditing purposes.**
- (5) That the Chairman and Clerk be authorised to sign the Annual Governance Statement and the Accounting Statements on behalf of the Conservators.**

## **1 Introduction**

- 1.1 The revenue account for the year ended 31 March 2018 is attached at **Annex 1**. This shows the detailed income and expenditure for the year compared to the original budget and the forecast reported in January 2018.
- 1.2 The financial statements for 2017/18 are attached at **Annex 2**.

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1.3 The Annual Governance and Accountability Return is attached at **Annex 3**.

1.4 The accounts are subject to external audit.

### 2 Revenue account for 2017/18

2.1 Net expenditure for the year exceeded income by £3,230, resulting in a reduction in the working balance of the same amount. This was £87 more than the forecast use of the working balance provided at the meeting on 22 January 2018.

2.2 Net expenditure for the year was £383,040 compared to the original budget of £380,670.

2.3 Repair works to the water main near the Downskeepers Hut were completed at a cost of £6,500. This was funded by an approved contribution from the Repairs and Renewals fund.

2.4 Car Park repairs cost £2,235 compared to a budget of £1,000 in 2017/18. A budget of £4,000 has been included in 2018/19 for car park repairs to reflect the increased ongoing maintenance costs.

### 3 Repairs and Renewals Fund

3.1 The balance on the fund at 31 March 2018 was £31,057.

	£
<b>Balance brought forward 1 April 2017</b>	<b>35,860</b>
Contributions 2017/18	0
Payments made in 2017/18	(5,000)
<b>Sub Total</b>	<b>30,860</b>
Interest on balance (0.64% interest rate)	197
<b>Balance carried forward 31 March 2018</b>	<b>31,057</b>

### 4 Financial Implications

4.1 The working balance stood at £49,585 as at 31 March 2018 (£52,816 as at 31 March 2017).

4.2 The balance sheet debtor is Epsom and Ewell Borough Council who holds the working balance and renewals fund reserve. The Council credits interest on these sums to the Conservators' account on the average return on the Council's investments for 2017/18 at 0.64%.

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### 5 Internal Audit

- 5.1 The following comprises the review of the effectiveness of internal audit arrangements for the current year.
- 5.2 All financial transactions are processed through Epsom and Ewell Borough Council's financial systems and transactions recorded on the Council's financial management system.
- 5.3 RSM UK have been appointed by Epsom and Ewell Borough Council to provide internal audit services to the Council and to audit the financial statements of 'smaller bodies'.
- 5.4 RSM UK prepares a risk based audit strategy and an annual audit plan, which covers all of the Council's core financial systems.
- 5.5 The Audit Plan is submitted annually to Epsom and Ewell Borough Council's Audit, Crime & Disorder & Scrutiny Committee who act as an Audit Committee under the Council's constitution.
- 5.6 The Audit, Crime & Disorder & Scrutiny Committee receive quarterly audit progress reports and a year-end Assurance Report.
- 5.7 The role and scope of internal audit can be extracted from the annual assurance report prepared for Epsom and Ewell Borough Council. An updated annual assurance report will be available following the next Audit, Crime & Disorder & Scrutiny Committee meeting on 19 June 2018.
- 5.8 RSM UK audit plan includes provision to review smaller bodies accounts and financial statements, including Epsom and Walton Downs Conservators' accounts.
- 5.9 RSM UK Internal Audit Contract Manager makes the appropriate arrangements for the smaller body accounts to be checked and signed off for page 3 of the Annual Governance and Accountability Return.

### 6 Annual Governance and Accountability Return

- 6.1 Smaller Bodies in England must complete an annual return, now known as the Annual Governance and Accountability Return (AGAR) to the appointed External Auditor. PKF Littlejohn LLP have been appointed as the auditor to all relevant smaller authorities in Surrey for 5 years from 2017/18. The AGAR for the year ending 31 March 2018 is attached at **Annex 3**.
- 6.2 Each smaller authority is required by law:
  - 6.2.1 To prepare Accounting Statements for the year ended 31 March 2018 in the form required by proper practices (the relevant AGAR, Part 1, 2 or 3)

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6.2.2 To approve and publish the AGAR including Accounting Statements

6.2.3 To provide for the exercise of public rights

6.2.4 To publish the AGAR, including the signed external auditor report, by 30 September 2018.

6.3 With regard to the AGAR, the Conservators will note that:-

6.3.1 The detailed budget is submitted to the Conservators each year prior to contributions being levied from constituent bodies.

6.3.2 Officers monitor the account as part of the Council's budget monitoring arrangements with quarterly monitoring reports and monthly reviews of major variances.

6.3.3 The Treasurer presents a mid-year monitoring report to the Conservators.

6.3.4 The Treasurer presents a year-end report to the Conservators.

6.3.5 All transactions are subject to the Council's financial management and internal control arrangements.

6.3.6 The Council's financial processes and operational activity are subject to risk profile as part of the audit needs assessment.

## **7 Issues arising from the previous Audit of the Accounts for the year ended 31 March 2017**

7.1 The external auditors carry out a review of the financial returns and identify areas where changes are required.

7.2 BDO LLP completed the audit of the accounts for the year ended 31 March 2017. The audit report is published annually on the Council's website at <https://www.epsom-ewell.gov.uk/financialreports>.

7.3 As a result of the audit, no changes were required to the financial position for 2016/17 as reported in July 2017.

7.4 The auditor highlighted the following issues, which Officers are ensuring are rectified for 2017/18:

- EWDC's accounting statements must be approved by the Conservators and signed by the Chairman by 30 June.
- A minute reference for the approval must be entered into Section 1 and 2 of the accounting statements, to enable the period for the exercise of electors' rights to include the first 10 working days of July.

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- Standard information, including a bank reconciliation, date of electors' rights and explanations of variances must be submitted to the auditor alongside the initial submission.

### 8 Risk Assessment

- 8.1 The working balance of £49,585 at the year-end is approximately 13% of net expenditure and is considered adequate for meeting unforeseen expenditure. The Conservators will need to assess further withdrawals from the working balance to ensure sufficient funds are available.
- 8.2 An updated Risk Register was provided at the meeting on 4 October 2017.

### 9 Proposals

- 9.1 It is proposed that:-
- 9.1.1 The final accounts for 2017/18 be received
  - 9.1.2 The Conservators approve the Annual Governance Statement
  - 9.1.3 The Conservators approve the Accounting Statements
  - 9.1.4 The Conservators confirm that the arrangements for internal audit as set out in this report are effective for the purpose of the Committee.
  - 9.1.5 The Chairman and Clerk be authorised to sign the Annual Governance Statement.
- 9.2 Any significant changes to figures following external audit will be reported back to the Conservators.

**Ward(s) Affected: College Ward; Woodcote Ward;**