

Audit, Governance and Standards Committee

19 September
2016

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Audited Statement of Accounts 2015/16

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|---------------------------------------|--|
| Final Decision-Maker | Audit, Governance and Standards Committee |
| Lead Head of Service | Mark Green, Director of Finance and Business Improvement |
| Lead Officer and Report Author | Ellie Dunnet, Chief Accountant |
| Classification | Public |
| Wards affected | N/A |

This report makes the following recommendations to this Committee:

1. To note the contents of the external auditor's Audit Findings Report, attached at **Appendix I**.
2. To approve the audited statement of accounts attached at **Appendix II**.
3. To approve the Letter of Representation attached at **Appendix III**.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

The Statement of Accounts shows how the council has managed its resources over the previous financial year. Effective financial management is integral to ensuring that value for money is achieved in the delivery of the council's priorities.

Timetable

| Meeting | Date |
|---|-------------------|
| Audit, Governance and Standards Committee | 19 September 2016 |

Audit, Governance and Standards Committee

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The council is required to have its Statement of Accounts approved by the Audit, Governance and Standards Committee by 30 September in accordance with the Accounts & Audit Regulations. The final amended version of the Statement proposed for approval at this meeting is attached at **Appendix II**.
 - 1.2 The work of the external auditor is now substantially complete, and the Audit Findings Report is attached at **Appendix I**. Representatives from Grant Thornton will be in attendance at the meeting to respond to questions relating to this report.
 - 1.3 The Committee is also asked to consider and approve the Letter of Representation attached at **Appendix III**.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The un-audited Statement of Accounts was reviewed at the previous meeting of this committee on 11 July 2016. Although there was no statutory requirement for the committee to consider it at that point, it was considered useful for committee members have the opportunity to review the draft accounts submitted for audit in advance of being asked to formally approve the final version.
- 2.2 Councils are required to advertise the arrangements for the public inspection of the Statement of Accounts and the date for the commencement of the audit. The public are also informed when the audit of accounts is concluded and to have access to copies of the accounts and any auditor's certificate, opinion or report relating to them.
- 2.3 Auditing standards require the external auditor to report the findings of their work to those charged with governance, i.e. the Audit, Governance and Standards Committee. The Audit Findings Report attached at **Appendix I** to this report enables the committee to consider and formally approve the Statement of Accounts with the benefit of this information, and also allows the external auditor to take into account any comments from the committee prior to the issuing of the audit opinion.
- 2.4 This process involves:
 - a) The submission of the Audit Findings Report and the Letter of Representation to the Audit, Governance and Standards Committee; and
 - b) Taking into account any comments by the Committee, the issue of the audit opinion by the external auditor.

The above issues must be addressed by 30 September 2016.

3. AVAILABLE OPTIONS

- 3.1 The formal approval of the Statement of Accounts is a statutory requirement and therefore there are no alternative options.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

Audit Findings Report & Statement of Accounts

- 4.1 Grant Thornton have been appointed as the Council's independent external auditors by the Audit Commission. Following the closure of the Audit Commission in March 2015, this contract is now being overseen by Public Sector Audit Appointments Limited.
- 4.2 Their Audit Findings Report is attached at **Appendix I**. Representatives from Grant Thornton will be in attendance at the meeting to present the report and answer any questions prior to the committee formally approving the Statement of Accounts.
- 4.3 Amendments arising from the audit have been summarised on page 16 of **Appendix I**. None of the amendments have affected the council's General Fund balance at 31st March 2016. A number of other minor changes have also been made to improve the presentation and clarity of the Statement of Accounts.
- 4.4 The report also includes a review of Value for Money, and concludes that in all significant respects the Council has put in place proper arrangements to secure value for money in its use of resources for the year ending 31st March 2016.
- 4.5 The external auditor intends to issue an unqualified opinion on the 2015/16 Statement of Accounts, and an unqualified Value for Money conclusion.

Letter of Representation

- 4.6 The Letter of Representation attached at **Appendix III** is written from the Council to the external auditor and will be signed by the Director of Finance and Business Improvement.
- 4.7 This is provided for the purpose of expressing an opinion as to whether the Statement of Accounts gives a true and fair view in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.
- 4.8 The letter confirms that the Council has fulfilled its responsibilities and provided the external auditor with access to all information of relevance to the financial statements audit including records, documentation and other matters.
- 4.9 The letter also confirms that the Council's financial statements should be

prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. The appropriateness of this statement is evidenced by the fact that all services have full revenue budget provision for 2016/17 onwards and the capital programme, asset management plan and medium term financial strategy for 2016/17 onwards consider only service efficiencies and growth in corporate or service objectives.

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 Once the Statement of Accounts has been formally approved it is a statutory requirement for it to be published by 30th September 2016.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue | Implications | Sign-off |
|---|--|--|
| Impact on Corporate Priorities | Production of the annual Statement of Accounts which is free from material or significant error is a key element of the annual external assessment process. It is therefore important that the statement of accounts meets this requirement. | Director of Finance & Business Improvement |
| Risk Management | The primary risks are that the Council fails to produce its accounts in accordance with the requirements of the Code of Practice or statutory timetable. A risk assessment has been undertaken in order to mitigate this risk. | Director of Finance & Business Improvement |
| Financial | The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2016, and details the council's assets, liabilities and reserves at this date. | Director of Finance & Business Improvement |
| Staffing | Not applicable | |
| Legal | Not applicable | |
| Equality Impact Needs Assessment | Not applicable | |
| Environmental/Sustainable | Not applicable | |

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| Development | | |
| Community Safety | Not applicable | |
| Human Rights Act | Not applicable | |
| Procurement | Not applicable | |
| Asset Management | Not applicable | |

7. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- **Appendix I:** Audit Findings Report 2015/16
- **Appendix II:** Audited Statement of Accounts 2015/16
- **Appendix III:** Letter of Representation 2015/16

8. BACKGROUND PAPERS

None