

Appendices 3:

1. Summary Statement
2. Final Statement of Accounts (SoA)
3. Annual Governance Statement (AGS)



AUDIT COMMITTEE REPORT

Report Title	Statement of Accounts 2015/16 and Annual Governance Statement
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	05 September 2016
Policy Document:	No
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred

1. Purpose

- 1.1 To seek approval of the Statement of Accounts (SoA) 2015/16 (Appendix 2) and Annual Governance Statement (AGS) (Appendix 3).

2. Recommendations

- 2.1 That the Audit Committee approves the SoA 2015/16.
- 2.2 That the Audit Committee acknowledges the AGS signed by the Leader and Chief Executive.
- 2.3 That if there are minor amendments to the SoA required before the 30th September following finalisation of the external audit work that the Audit Committee delegates to the Chair of Audit Committee to sign them in consultation with the statutory S151 Chief Finance Officer (CFO).

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council has produced its SoA in line with the statutory timescales and it has now been subject to external audit by KPMG. The CFO is satisfied that following audit recommendations for agreed changes the SoA present fairly the financial position of the Council at 31 March 2016.

3.2 Financial Summary

3.2.1 Audit Committee at its meeting on 25th July 2016 requested that officers produce a summary document to assist members in interpreting the technical SoA document. This summary is contained in Appendix 1.

3.3 Changes from the draft financial statements

3.3.1 As part of the external audit a small number of immaterial items and classifications were identified which have been amended in the final statements

3.3.2 Following the EU referendum decision on 23rd June the 'post balance sheet event' note 6 on page 46 of the statements has been amended to reflect this event.

3.3.3 In consultation with the external auditors the Debtors note 20 on page 74 of the statements has been expanded to include a table on third party loans to increase the transparency of the statements, which is over and above the requirements of the CIPFA code.

3.4 External Audit Update

3.4.1 External audit have substantially completed their audit work on the financial statements and their ISA260 report to those charged with management is subject to another report on this agenda.

3.4.2 The external auditors anticipate being able to issue their audit opinion and sign-off the accounts to meet the statutory deadline of 30th September.

3.5 2014/15 ISA260 Recommendations

3.5.1 The three recommendations arising from the 2014/15 audit have been either been fully implemented or are in the process of being implemented during 2016/17 as indicated below.

3.5.2 The Authority has been working to reduce the amount of retrospective orders raised. The numbers and value of retrospective orders raised are reported to the senior management board on a monthly basis to raise awareness and ensure that Directors can challenge budget managers in their area where this is an issue

3.5.3 The issue raised relating to the disclosure of Northampton Partnership Homes capital expenditure has been resolved with both organisations improving processes and communications to ensure that the issue does not occur again.

3.5.4 The Authority is working with both internal audit providers to improve communications and co-ordination of work plans. Evidence of this was during the external audit when an issue was raised relating to payroll processing where the authority ensured that both providers and the external auditors were

involved in resolving the issue satisfactorily. There is a joint meeting planned during September to further co-ordinate the work plans of both providers to ensure comprehensive internal audit coverage across all appropriate risk areas.

3.6 Annual Governance Statement (AGS)

3.6.1 Under the Accounts and Audit Regulations 2011 the Annual Governance Statement must accompany the Statement of Accounts, and this is presented as an appendix to this report.

3.6.2 On the first page of the AGS is the Statement of Compliance, which explains how the council complies with the CIPFA Statement on the Role of the CFO. Due to the partnership with LGSS there are a few small functions that are not directly overseen by the CFO. These variations from the CIPFA Statement and how they are addressed instead are explained in the Statement of Compliance section of the draft AGS.

3.6.3 There were no audit amendments arising from the external audit of the AGS.

3.7 Choices (Options)

3.7.1 The Committee may choose not to approve the Accounts; this would result in the Council not meeting its statutory responsibilities.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy implications arising from this report.

4.2 Resources and Risk

4.2.1 There are no direct financial implications arising from this report. The SoA reports on the financial position for 2015/16.

4.3 Legal

4.3.1 There are no legal implications arising from this report.

4.4 Equality

4.4.1 There are no equality implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 Management Board has been consulted on the Statement of Accounts and AGS.

4.5.2 The Statement of Accounts, accompanied by the AGS, has undergone public inspection and external audit.

4.6 Other Implications

4.6.1 There are no other implications arising from this report.

5. Background Papers

5.1 The Accounts were prepared in line with IFRS requirements and relevant legislation, predominantly:

- Accounts and Audit Regulation 2011
- The Code of Practice on Local Authority Accounting 2015/16
- The CIPFA Statement on the Role of the Chief Finance Officer

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