

## **Audit and Governance Committee**

Meeting to be held on Monday, 3 April 2017

Electoral Division affected: (All Divisions)
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### **2016/17 Statement of Accounts - Update**

Contact for further information:

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#### **Executive Summary**

The County Council has delegated the approval of the Council's Statement of Accounts to the Audit and Governance Committee. The Accounts and Audit Regulations 2015 require that the accounts should be considered and approved by members prior to publication by 30 September following the year to which they relate.

From 2017/18, the timescales in relation to the signing, approval and publication of the statement of accounts, as specified in the Accounts and Audit Regulations 2015, will change whereby the accounts should be considered and approved by members prior to publication by 31 July following the year to which they relate.

This report sets out the early closedown timetable for 2016/17 in preparation for this earlier statutory deadline to support members of the committee in carrying out their role.

#### **Recommendation**

The Audit and Governance Committee is recommended to note this report.

#### **Background and Advice**

The County Council has delegated the approval of the Council's Statement of Accounts to the Audit and Governance Committee. The Accounts and Audit Regulations 2015 require that the accounts should be considered and approved by members prior to publication by 30 September following the year to which they relate.

From 2017/18, the timescales in relation to the signing, approval and publication of the Statement of Accounts, as specified in the Accounts and Audit Regulations 2015, will change. The relevant dates specified below all relate to the financial year immediately following the end of the financial year to which the statement of accounts relate:

- The responsible financial officer must sign and date the Statement of Accounts, confirming that they present a true and fair view of the financial position of the County Council at the end of the financial year to which they relate and the County Council's income and expenditure for that financial year, **by 31 May**.
- The period for the exercise of public rights (of inspection of the accounts) must include the **first 10 working days of June**.
- Following the conclusion of the period for the exercise of public rights and the audit of the accounts, the County Council's Audit and Governance Committee must consider the Statement of Accounts and approve them by a resolution of that Committee **before 31 July**. The responsible financial officer must re-confirm on behalf of the County Council that they are satisfied that the Statement of Accounts present a true and fair view before the Audit and Governance Committee approval.
- After approving the Statement of Accounts the Council must publish (which must include publication on the Council's website) the Statement of Accounts together with any audit certificate or opinion, the annual governance statement, and the narrative statement **by 31 July**.

In order for the County Council to prepare for this much reduced timeline for the production of the Statement of Accounts, the accounts for 2016/17 will be closed for this earlier timeline in order to identify any significant implementation issues that could prevent the achievement of the statutory deadline. This approach is supported by the County Council's auditors, and has been taken forward in earlier years by a number of other local authorities.

As such, the intended high-level early closedown schedule for the 2016/17 Statement of Accounts is as follows:

#### Statement of Accounts – Publication of Draft

The County Council's section 151 officer will sign and date the Statement of Accounts, confirming that they present a true and fair view of the financial position of the County Council as at the end of 2016/17, by 31 May 2017. The period for the exercise of public rights (of inspection of the accounts) is to commence 5 June. The 30 day public inspection period for the 2016/17 accounts must include the first 10 working days of July therefore, the period will be 5 June to 14 July.

Following the publication of the 2016/17 draft Statement of Accounts, the high-level timetable for the consideration of the accounts by the Audit and Governance Committee is as follows:

#### 26 June 2017

- Approval of the Annual Governance Statement
- Report on the significant judgements/accounting policies in the accounts

#### 31 July 2017

- Audit Findings report from the External Auditor

- Letter of Representation signed by s151 officer and chair of the Committee
- Approval of the 2016/17 Statement of Accounts
- Publication of final 2016/17 Statement of Accounts

### **Statement of Accounts briefing**

Further to last year's feedback from the Audit and Governance Committee around the timeliness of the Statement of Accounts briefing for members, for this year the briefing has been scheduled for the 26 June, allowing approximately one month before the final accounts Committee meeting scheduled for July.

### **Narrative Statement**

The Accounts and Audit Regulations (2015) require the County Council to publish a Narrative Statement with the financial statements. Its purpose is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts. It should provide an explanation of the Council's financial position and assist in the interpretation of the financial statements. The Narrative Statement replaces the previous Explanatory Foreword.

The Narrative Statement should be based on the information contained in the Statement of Accounts. It should contain a commentary on the major influences affecting the County Council's income and expenditure and cash flow, and information on the financial needs and resources of the County Council. It must include comment on the County Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

As per the 2015/16 accounts, the Narrative Statement will be published in the draft Statement of Accounts. For the 2016/17 accounts, this will be in May per the early closedown schedule.

### **Highways Network Assets**

The requirements for the reporting of new valuations for the County Council's Highways Network Assets has previously been reported to the Audit and Governance Committee.

On 10 March 2017 a statement was issued by CIPFA/LASAAC on the 'Implementation of the Highways Network Asset Code into the Financial Reporting Requirements of Local Authorities'.

At its meeting on 8 March, the CIPFA/LASAAC Code Board decided not to proceed with the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that, currently and in particular in the absence of central support for key elements of the valuation, the benefits are outweighed by the costs of implementation for local authorities. The Board determined that it will give further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.

The Board recognised the work undertaken by accounts preparers, auditors and highways engineers in preparing for the planned changes and would encourage continued improvement of the management of the highways network asset through better inventory and cost information.

### **Consultations**

The external auditors of the County Council, Grant Thornton, have been consulted on the Council's early closedown plans for the 2016/17 Statement of Accounts.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

An additional committee meeting has been scheduled for the statutory deadline of September 2017, for the event that matters arise meaning the accounts cannot be approved in July 2017. This may include delays due to waiting for material information from external partners to allow completion of accounts closedown and/or external audit.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact/Tel
Approval of the County Council's Statement of Accounts 2015/16	26 September 2016	Khadija Saeed; Head of Corporate Finance; 01772 536195

Reason for inclusion in Part II, if appropriate

N/A