

10 July 2014		ITEM: 11
Standards & Audit Committee		
Financial Statements and Annual Governance Statement Update		
Wards and communities affected: All	Key Decision: Non-Key	
Report of: Sean Clark, Head of Corporate Finance		
Accountable Head of Service: Report of: Sean Clark, Head of Corporate Finance		
Accountable Director: Graham Farrant, Chief Executive		
This report is Public		

Executive Summary

This report is for noting: the 2013/14 Financial Statement and Annual Governance Statement have been submitted to Ernst and Young for audit, the results of which will be reported back to this committee in September.

Members should note that there is no longer a requirement to bring these documents to the committee at this stage. Officers will circulate the documents to Members for information to enable them to review the information prior to the committee meeting in September enabling them to approve the final Statements at this point.

1. Recommendation

1.1 That Members note that the Draft Annual Governance Statement and Financial Statement have been completed and passed to Ernst and Young for auditing.

2. Introduction and Background

2.1 The process supporting the completion of the Financial Statements has been improved in 2013/14. The statements have been completed in accordance with statutory deadlines and reflect the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting (The Code).

2.2 The Council underspent against the general fund balance by £0.58m in 2013/14 and the level of general fund balances at 31 March 2014 was maintained at £8.01m.

- 2.3 There were no significant audit issues in the prior year and there were no changes to the overall level of reserves following the 2012/13 audit. However, some balances required reclassification in the statements and this has been addressed in 2013/14.
- 2.4 The Council is prepared for the upcoming audit and has liaised with the auditors to discuss any issues arising in advance of the audit. Their interim audit work is substantially complete with no significant issues highlighted to date. Similarly the audit of the IT systems is largely complete and discussions to date do not suggest there are any significant issues arising which will impact on the audit of the financial statements.
- 2.5 The Annual Governance Statement requires approval by the committee under the Accounts and Audit Regulations 2011. It is noted as good practice by CIPFA to complete this before the approval of the Financial Statements. Consequently the final statement will be approved at the same meeting in September.
- 2.6 The Annual Governance Statement reflects the continuous improvement made by the Council in resolving governance issues. The actions identified in the 2012/13 statement have been reviewed and addressed within the year where possible. The governance framework remains sound and continues to support the delivery of priorities in the borough.

3. Issues, Options and Analysis of Options

- 3.1 There are no issues arising from this report. The Financial Statement and Annual Governance Statement have been submitted for audit and the committee will receive a report back in September, accompanied by a report by Ernst and Young.

4. Reasons for Recommendation

- 4.1 For the committee to note the completion of both statements.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 All services and senior management have been consulted in the compilation of both of this document.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The level of resources and how they are allocated will affect the amounts available towards the Council's overall aims and objectives.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance

The statements are largely governed by the Code. Apart from reporting the Council's financial position as at 31 March 2014, there are no financial implications arising directly from this report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal Services

There are no specific implications from this report.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

There are no specific implications from this report.

7.4 Other implications

There are no specific implications from this report.

8. Background papers used in preparing the report

- There are various working papers within Corporate Finance.
- The Annual Governance Statement draws on a range of documents from around the Council.

9. Appendices to the report

- None – both statements will be circulated to members following the meeting.

Report Author:

Sean Clark
Head of Corporate Finance
Corporate Finance