

North Tyneside Council Report to Audit Committee Date: 25 November 2015

ITEM 7

Title: Preparation on
Annual Statement of
Accounts 2015/16

Report from Service: Finance

Report Author: Janice Gillespie, Head of Finance (Tel: 643 5701)

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 The purpose of this report is to advise the Audit Committee of changes in legislation that will affect the preparation of the Annual Statement of Accounts.

1.1.2 The report outlines a process to ensure that the Authority meets the statutory deadlines in place for the publication of an Annual Statement of Accounts – for both the 2015/16 accounts and for future years.

1.2 Recommendation(s):

1.2.1 It is recommended that the:

- (a) Audit Committee note the changes affecting the preparation of the Authority's Annual Statement of Accounts from 2017/18 arising from the Local Audit and Accountability Act 2014 and subsequent Accounts and Audit Regulations 2015;
- (b) Audit Committee note the proposed process for preparing the Annual Statement of Accounts for 2015/16; and
- (c) Audit Committee note the progress to date in preparation of the future years Annual Statement of Accounts to ensure the new statutory regulations are adhered to.

1.3 Forward plan:

1.3.1 This report is included within the annual workplan for the Audit Committee.

1.4 Council plan and policy framework:

1.4.1 The Annual Statement of Accounts covers all the service responsibilities as identified within the Council Plan.

1.5 Information:

The changes in legislation governing the preparation of the Annual Statement of Accounts

- 1.5.1 The 'Accounts and Audit (England) Regulations 2015' set out the approval process required for the Annual Statement of Accounts. Currently the Chief Finance Officer is required, no later than 30 June, to sign and certify that the Statement of Accounts present a true and fair view of the Authority's financial position for the year to 31 March. The audited set of accounts should, no later than the 30 September, be approved by Council and subsequently published.
- 1.5.2 The above requirements are due to change following amendments made as part of the Local Audit and Accountability Act 2014. The changes are effective from 2017/18 – so will impact on the preparation of the Annual Statement of Accounts 2017/18.
- 1.5.3 The Chief Finance Officer will be required to sign and certify the Statement of Accounts no later than the 31 May, whilst the date for the accounts to be formally audited and published will move forward to 31 July.

Process for the 2015/16 preparation of the Annual Statement of Accounts

- 1.5.4 In order to ensure that the Authority can meet the statutory deadlines, the process of 'closing the accounts' must be closely managed and monitored. **Appendix A** sets out the key dates of this process.
- 1.5.5 A Final Accounts timetable has been produced which clearly identifies roles, responsibilities and key dates.
- 1.5.6 Regular meetings will be held from February 2016 to May 2016 with key finance personnel to monitor the progress to date against the timetable and allow key information to be disseminated.
- 1.5.7 Progress meetings will be held on a regular basis with Mazars, the Authority's external auditors, from February 2016 until the accounts are published.
- 1.5.8 Time has been included within the process to allow adequate quality assurance of the Statement of Accounts to take place.

Preparation for future years

- 1.5.9 The Authority has followed the above process for several years and it has ensured that the statutory deadlines have always been met and the accounts have received a 'clean bill of health' from the external auditors. However we are aware that improvements are still needed and this is of particular importance given the change in the statutory requirements from 2017/18.
- 1.5.10 Progress has started on developing a plan that will assist in this process. **Appendix B** sets out the key dates and progress to date within the plan and details of when updates will be provided to the Audit Committee.
- 1.5.11 We are working with our neighbouring authorities to share experience and best practice. We are also working with our external auditors on ways we can make the audit of the

Annual Statement of Accounts smoother which will assist in the meeting of the revised statutory deadlines.

1.6 Decision options:

The options available are:

- (a) To accept the recommendations made in section 1.2.1; or
- (b) To reject the recommendations made within this report.

1.7 Reasons for recommended option:

The production of an Audited Annual Statement of Accounts is a requirement of the Accounts and Audit Regulations 2015.

1.8 Appendices:

Appendix A – Key dates for 2015/16 closedown of accounts

Appendix B – Key dates on bringing forward closedown of accounts

1.9 Contact officers:

Janice Gillespie – Head of Finance - Tel: 643 5701

1.10 Background information:

The following background papers and reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a)Accounts and Audit (England) Regulations 2015

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications as a result of the recommendations within this report.

2.2 Legal

The Annual Statement of Accounts is produced annually in accordance with the Accounts and Audit Regulations 2015.

2.3 Consultation / community engagement

Consultation will take place with the key personnel and interested parties involved in the closedown process.

2.4 Human rights

There are no Human Rights implications as a result of the recommendations in this report.

2.5 Equalities and diversity

There are no Equalities and Diversity implications as a result of the recommendations in this report.

2.6 Risk management

A risk log has been set up which identifies the key risks and issues associated with the closedown process. The management of these risks are part of the overall process.

2.7 Crime and disorder

There are no crime and disorder implications as a result of the recommendations in this report.

2.8 Environment and sustainability

There are no environment and sustainability implications as a result of the recommendations in this report.