

AUDIT COMMITTEE	AGENDA ITEM No. 9
20 NOVEMBER 2017	PUBLIC REPORT

Report of:	Marion Kelly - Interim Corporate Director of Resource	
Cabinet Member(s) responsible:	Cllr Seaton - Resources	
Contact Officer(s):	Peter Carpenter - Service Director - Financial Services	Tel. 384564

IMPACT OF CHANGED STATUTORY DEADLINE FOR APPROVAL OF STATEMENT OF ACCOUNTS

R E C O M M E N D A T I O N S	
FROM: Marion Kelly - Interim Corporate Director of Resources	Deadline date: 20 November 2017
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> Approve proposed change to Audit Committee dates and work programme to accommodate the changed statutory deadline for approval of the Statement Of Accounts. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following a referral from the S151 Finance Officer.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to receive and approve proposed change to Audit Committee dates and work programme to accommodate the changed deadline for approval of the Statement Of Accounts.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.16

To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	n/a
---	-----------	----------------------------------	-----

4. BACKGROUND AND KEY ISSUES

- 4.1 The Account and Audit Regulations 2015 came into force 1st April 2015. Most of its provisions applied to financial years beginning on, or after 1st April 2015, but some were subject to transitional arrangements which delayed their application until financial years beginning on, or after 1st April 2017.

- 4.2 A report on the application of these changes went to 21 March 2016 Audit Committee and most of the changes were adopted for 2015/16 Statement of Accounts.
- 4.3 The changes which apply from financial years beginning on, or after 1st April 2017 relate to the earlier publication of the draft and final accounts. The current and new dates are set out in the table below:

Activity	Current deadline	New deadline	Reduction in time
<p>Draft Accounts</p> <p>Deadline for the Corporate Director Resources (as the Council's Chief Finance Officer) to sign and date the Statement of Accounts and confirm that it presents a true and fair view of:</p> <ul style="list-style-type: none"> • The financial position of the Council at the end of the financial year to which it relates; and • The Council's income and expenditure for that year. 	30 June	31 May	30 days
<p>Audited Accounts</p> <p>Deadline for:</p> <ul style="list-style-type: none"> • Approval of the Statement of Accounts by resolution by the Audit Committee; • Certification of the Statement of Accounts by the Audit Committee Chairman; • Re-certification of the Statement of Accounts by the Corporate Director: Resources; • Publication of the Statement of Accounts. 	30 September	31 July	62 days
Available Audit Time	92 days	61 days	31 days

- 4.4 The 21 March 2016 report highlighted that Audit Committee meetings would need to change as a result of these dates and that the time between the official constitution of the Audit Committee and date for the publication of the draft accounts made it impractical for Audit Committee approval prior to the publication of the draft accounts and commencement of audit. The requirement for this had been removed by the Account and Audit (England) Regulations 2011, but the Council had continued to do this as this was best practice.
- 4.5 The report recommended that to adapt to the changes an Audit Committee meeting would be held early June to receive and comment on the accounts whilst the public inspection period and audit are underway. This meeting would also receive the outturn report. A meeting could then be held towards the end of July to receive and formally approve the accounts in line with the new statutory deadline.
- 4.6 Following further consideration and taking into account the experience of both officers and external auditors working to the new deadlines for 2016/17 Statement of Accounts, the recommended approach has been modified to:
- the Annual Governance Statement needs to be approved prior to the Statement of Accounts, as this is now being approved at the same meeting, the draft Annual Governance Statement will be circulated to Audit Committee members mid May to enable early review.
 - once the draft accounts have been reviewed by the Interim Corporate Director of Resource, they will be circulated to Audit Committee members for comment prior to publication of the draft accounts by 31st May. This is expected to be w/c 14 May.
 - the June Audit Committee meeting to be moved to mid July (16th July for 2018/19 municipal year). This meeting would receive and formally approve the Annual Governance

Statement and Statement of Accounts and receive the External Auditor report and Outturn report.

4.7 This approach enables Audit Committee members to comment on the Statement of Accounts prior to publication and removes the need for an additional meeting. Members would be able to read the Outturn Report prior to the July Audit Committee as it will be published as part of the Cabinet papers (the outturn report is currently expected to go to 4 June Cabinet for 2018/19 municipal year).

4.8 The Statement of Accounts and External Auditor Report will no longer need be on the September Audit Committee Agenda.

5. CONSULTATION

5.1 Officers who had reports on the 2017/18 work programme June meeting have been consulted about the proposed changes.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 That the audit committee dates and work programme will enable the consideration and approval of the Statement Of Accounts in lines with statutory deadlines.

7. REASON FOR THE RECOMMENDATION

7.1 It is a statutory requirement under the Accounts and Audit Regulations 2015.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Alternative approaches and the reason for their rejection include:

- The approach recommended to 21 March 2016 Audit Committee. This would add an extra meeting into the calendar which in reality would not be required and would not give Audit Committee the opportunity to comment on the draft accounts before they are published.
- Audit Committee meeting to receive the draft accounts before publication. This would be impractical as the meeting would need to be before 31st May, and this would not leave suitable time following official constitution of the committee to train new members. Also producing the accounts for the papers deadline for the meeting would mean cutting timescales for the production of the accounts even further than the changed statutory deadline.
- Approving the accounts at the current June Audit Committee meeting date. EY would not have completed their on site visit and the amount of audit work likely to be outstanding at this time. There would not be sufficient assurance that no changes would be required to the accounts which would necessitate a further emergency audit committee meeting to be called to re-approve the accounts within the statutory deadline.
- Retaining the current June Audit Committee meeting and adding an extra meeting July for the approval of the accounts. This would add an extra meeting into the calendar.
- Putting draft accounts on the website for review before presentation to Committee for approval before the 31st July deadline. This would not give Audit Committee the opportunity to comment on the draft accounts before they are published.

9. IMPLICATIONS

Financial Implications

9.1 None

Legal Implications

9.2 None

Equalities Implications

9.3 None

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Account and Audit Regulations 2015
Audit Committee Work Programme
Report on Account and Audit Regulations 2015 to 21 March 2016 Audit Committee