

# AUDIT COMMITTEE

## Statement of Accounts 2007/08 25 June 2008

### Report of Head of Financial Services

#### PURPOSE OF REPORT

This report seeks Members' approval of the draft Statement of Accounts for 2007/08 and outlines the audit process for information.

**This report is public.**

#### RECOMMENDATIONS

- (1) That the Committee considers the Accounts and any issues arising.
- (2) That the draft Statement of Accounts for the financial year ended 31 March 2008 be approved, and that the Chairman signs and dates the Accounts accordingly.

#### 1 ACCOUNTS AND AUDIT REGULATIONS 2003 (AS AMENDED)

1.1 Each year Councils must make arrangements for the production, consideration, approval, inspection and audit of their accounts. The Account and Audit Regulations set out various requirements in relation to the process, and in recent years they have been updated to provide for the following:

- Date of Approval  
Previously Councils had to gain approval of their accounts by 30 September but in recent years the deadline has been brought forward on a phased basis. The deadline is now fixed at 30 June and this has applied since 2005/06.
- Signing of Accounts by Chairman  
The intention behind this requirement is that the chairman's signature should represent the completion of the Council's approval process for its accounts. The requirement for him to sign does not relate to the role of the chief financial officer, as that officer alone is responsible for certifying that the statement of accounts is a proper reflection of the Council's financial position. Notwithstanding this, the Committee is required to consider the accounts though it is recognised that practically, it is very difficult for Members (and others) to comment and challenge constructively, on what is a very complex document. To help with this,

however, an informal briefing session for relevant Members is being organised, prior to the formal Audit Committee meeting.

- Provision for Missing Deadline for Approval  
Where an authority fails to approve its accounts by the 30 June deadline, e.g. because of discrepancies, it must hold a further meeting within 20 days to re-consider the accounts. If it still cannot approve the accounts then, it must publish a statement as to the reasons why. It is envisaged that these provisions would be used only in exceptional circumstances.
- Annual review and statement on internal control  
This is the subject of an item elsewhere on the agenda, i.e. the Annual Governance Statement.
- Publication of Accounts  
The deadline for publication has also been brought forward in recent years, and is now fixed at 30 September.

## **2 APPROVAL AND AUDIT OF ACCOUNTS PROCESS**

- 2.1 Under the Constitution, this Committee has specific authority to approve the Statement of Accounts. Subject to this approval being gained, the Chairman will be asked to sign and date a copy of the accounts for the purpose outlined above.
- 2.2 At the time of writing this report, however, the draft accounts were still being finalised and therefore copies will be circulated to Members as soon as they are completed. Outline explanatory information on interpreting the accounts and the key issues arising will be included in the 'Foreword' section, and Members may find this a useful overview and starting point in their deliberations. It is also highlighted that in line with changes to the latest Accounting Code of Practice, there have been some further changes to the presentation of various elements of the accounts for 2007/08 and these will be outlined at the briefing and the meeting.
- 2.3 Subsequent to the accounts being approved, KPMG, the Council's External Auditors, are due to commence the audit of accounts on Monday 21 July. The four week public inspection period will commence on Wednesday 02 July, and the External Auditor will be available to answer local electors' questions relating to the accounts on Thursday 31 July. In accordance with the Regulations, these dates are being advertised in the local press and on the website.
- 2.4 If any significant issues or 'non-trifling' matters arise during the audit these will need to be reported back for consideration by the Committee. In any event, the outcome of the audit will be included within the External Auditor's Annual Audit and Inspection Letter to the Authority, which will be reported to all Members in due course.
- 2.5 Once audited, the Statement of Accounts will be published by 30 September. Summary accounts and information will also be made available as appropriate, through other existing Council publications and the website.

## **3 Details of Consultation**

No other consultation, other than the Member briefing and the public inspection period as referred to above.

#### 4 Options and Options Analysis (including risk assessment)

Members could consider and approve the accounts as set out, which would meet the statutory deadline, and they could also request further information or make supporting recommendations. As the approval process represents, in the main, an acknowledgement that the draft accounts have been completed, there are no substantive alternative options put forward. If, however, Members have significant concerns or issues, e.g. where major discrepancies seem apparent, and they do not feel in a position to approve the accounts, then the provisions for failing to meet the statutory deadline are outlined above. It is reiterated, however, that these provisions are designed to deal with exceptional circumstances, rather than being the norm.

#### 5 Conclusion

- 5.1 The approval of the Accounts by the Committee would ensure that the statutory deadline is met. This represents a significant achievement by all those involved in the process.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

No implications directly arising.

#### **FINANCIAL IMPLICATIONS**

The Statement reflects the 2007/08 provisional outturn position, which is to be reported in more detail to Cabinet at the end of July. Any further implications arising for current and future years are currently being assessed and will feed through into this year's corporate financial monitoring and/or the review of the Medium Term Financial Strategy and Capital Investment Strategy.

#### **DEPUTY SECTION 151 OFFICER'S COMMENTS**

This report was prepared by the s151 officer as part of her responsibilities. Clearly the subject of the report is subject to external audit, the outcome of which will also be reported to Members.

#### **LEGAL IMPLICATIONS**

Legal Services have been consulted and have no comments to add.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no comments to add.

#### **BACKGROUND PAPERS**

Accounting and Audit Regulations 2003, as amended.

**Contact Officer:** Nadine Muschamp

**Telephone:** 01524 582117

**E-mail:** nmuschamp@lancaster.gov.uk **Ref:**