

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Interim S151 Chief Finance Officer – Suzanne Jones

To: Governance and Audit Committee - 15 September 2016

Author: Ken Trotter – Chief Accountant (Deputy s151)

Subject: Approval of Financial Statements 2015-16

Purpose: To seek approval for the annual governance statement for inclusion with the Council's published financial statements and approval of the audited 2015-16 financial statements for publication.

Recommendations:

That the Governance and Audit Committee:

- 1) Approves the 2015-16 Financial Statements
- 2) Approves the 2015-16 Annual Governance Statement
- 3) Approves a Letter of Representation to KPMG

1.0 BACKGROUND

1.1 2015-16 Financial Statements

- 1.1.1 The 2015-16 Financial Statements have now been audited, and are attached as Appendix A.
- 1.1.2 The draft Annual Governance Statement and the core statements from the un-audited 2015-16 Financial Statements were presented to the Committee on 26 May 2016. A verbal update was provided to the Committee on 28 July 2016 including highlighting that the draft un-audited accounts were available on the Council web site for members to review.
- 1.1.3 Since that time, KPMG have been working to establish the correctness of the accounts, checking them against the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 and the Council's own accounting policies.
- 1.1.4 This section of the report updates the Committee on the progress of the audit, and asks members to formally approve the Financial Statements for publication, having considered the issues raised by the auditor in their report to those charged with governance (ISA 260 report at item 5 on this agenda).
- 1.1.5 A small number of presentational adjustments were required to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16. No amendments were required to be made to the primary Financial Statements, and the level of resources available to the Council remains the same. However as accounting policy changes were introduced in respect of the Housing Revenue Account data for 2014-15 has been restated for comparison purposes.

1.2 **Annual Governance Statement**

- 1.2.1 The approved statement was presented to the Committee on 28 July 2016. Since that time there have been some minor presentational issues agreed with the external auditors.
- 1.2.2 The Annual Governance Statement is required to be signed by the Leader of the Council and the Chief Executive. This Committee is requested to approve the final statement to allow it to be published with the financial statements.

2.0 **OPTIONS**

- 2.1 To approve the audited financial statements and the Annual Governance Statement
- 2.2 Not to approve the statements
- 2.3 There is a statutory requirement for the financial statements to be approved and published by 30 September annually.

3.0 **REASONS FOR RECOMMENDATIONS**

- 3.1 To meet corporate governance best practice and statutory reporting requirements.
- 3.2 In line with statutory requirements to approve financial statements prior to publication by 30 September.

4.0 **EXPECTED BENEFITS**

- 4.1 Strengthened governance arrangements.

5.0 **IMPLICATIONS**

5.1 **Constitution & Legal**

- 5.1.1 Accounts and Audit Regulations 2015
- 5.1.2 The Council's financial statements are required to be audited, approved and published by 30 September each year.

5.2.1 **Financial**

- 5.2.2 There are no financial implications as a result of this report. The audit of the financial statements provide external validation that the stewardship of public funds has been undertaken effectively, and that the statutory reporting requirements laid out in the accounting code of practice have been followed.
- 5.2.3 The statement of accounts presented in Appendix A is currently being subject to a final verification by the external auditors. Minor presentational issues may arise in this process and an approved final version will be submitted to the chair of the committee for signature.

5.3 **Risk Management**

- 5.3.1 The Council's risk management arrangements are reflected in the Annual Governance Statement.
- 5.3.2 The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of the 2016-17 statements.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All

7.0 **ACRONYMS**

7.1 ISA – International Standards on Auditing

Background papers: None

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alternatively ktrotter@sholland.gov.uk (Interim Chief Accountant)

Director / Officer who will be attending the Meeting

Name and Post: Ken Trotter – Interim Chief Accountant

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A 2015-16 Financial Statements

Appendix B Letter of Representation (to follow)