

REPORT TO: CONSTITUTION PANEL

DATE: 18 JANUARY 2018

TITLE: NEW GOVERNANCE ARRANGEMENTS FOR THE APPROVAL OF THE COUNCIL'S STATEMENT OF ACCOUNTS

LEAD OFFICERS: SIMON FREEMAN, HEAD OF FINANCE (01279) 446228

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RECOMMENDED that it is recommended to Full Council that:

- A** The Constitution is amended, as set out in Appendices A and B to the report, to give authority to the Audit and Standards Committee to approve the Annual Governance Statement and Statement of Accounts.
- B** The Constitution is amended, as set out in Appendix B, so that the Chair of the Audit and Standards Committee, rather than the Leader of the Council, is given the authority to sign-off the Annual Governance Statement and Statement of Accounts.

BACKGROUND

1. Currently, following the end of a financial year, the Council has three months to close its accounts (giving a deadline of 30 June each year). The auditors then have three months to complete their audit and issue an opinion, within which time the Statement of Accounts must be signed off by the Managing Director, Head of Finance and the Leader of the Council. Sign-off of the Accounts follows a recommendation by the Audit and Standards Committee that Cabinet approves the Accounts. Furthermore, during this period the Council is required to make the Accounts available for public inspection for 30 working days, including the first 10 working days of July. The deadline for issuing the signed Audited Accounts is 30 September each year.
2. For the 2017/18 accounts, the Council will have two months to prepare its draft Statement of Accounts (a deadline of 31 May) so that the audit process

can commence. The audit process will take place over two months, giving a deadline of 31 July. This requirement has been set out by Government in the Accounts and Audit Regulations 2015 (the 2015 Regulations).

ISSUES/PROPOSALS

3. If the Council continues to follow its current governance arrangements, it will not be able to comply with the 2015 Regulations for approving the 2017/18 financial year's accounts onwards.
4. It is proposed that in order to comply with the 2015 Regulations, authority for approving both the Annual Governance Statement and the audited Statement of Accounts be transferred from Cabinet to the Audit and Standards Committee. An additional Audit and Standards meeting would be arranged each year towards the end of July with the specific purpose of approving the Statement of Accounts.
5. As approval would no longer be given by Cabinet, it is proposed that the Chair of the Audit and Standards Committee is given authority to sign-off the documents rather than the Leader. The Constitution does not currently state that the Leader must sign-off the accounts, but amending the Constitution will give further clarity to the process.
6. There is no legal requirement that the Annual Governance Statement or Audited Statement of Accounts are approved by Cabinet or Full Council, and the proposed arrangements are used by other councils.

IMPLICATIONS

Place (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

Changes to the timescales for the closure, approval and publication of the annual Statement of Accounts are prescribed in the Accounts and Audit Regulations and take effect from the 2017/18 financial year-end. This report enables the requirements of the Regulations to be correctly adopted.

Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

The Audit and Accounts Regulations 2015 [the 2015 Regulations] govern how the annual statement of accounts must be signed of the statement of accounts may be signed off by a resolution of a Committee of the Council under Regulation 9(2) of the Regulations.

Regulation 6(2) of the Regulations enables a Committee of the Council, after considering the findings required in Regulation 6(1)(b) the duty to prepare the Annual Governance Statement, can by resolution approve the Annual Governance Statement.

The Regulations enable a Committee of the Council be appointed to approve the Statement of Accounts and Annual Governance Statement. By implementing the proposed changes to the Constitution the Council will be able to comply with the duties imposed by the 2015 Regulations.

Author: **Amanda Julian, Legal Services Manager, on behalf of Brian Keane, Acting Managing Director**

Background Papers

None.

Glossary of terms/abbreviations used

None.

Appendices

Appendix A – Audit and Standards Committee Terms of Reference

Appendix B – Constitution – Annual Statement of Accounts