



## Report of: Corporate Director of Finance

Meeting of	Date	Ward(s)
Audit Committee	22 September 2015	ALL

## STATEMENT OF ACCOUNTS 2014-15 (INCLUDING PENSION FUND ACCOUNTS) AND ANNUAL GOVERNANCE REPORTS

### 1. SYNOPSIS

- 1.1 Islington is determined to achieve its vision of a “Fairer Islington”. Significant amongst these is the achievement of sound financial management and confidence in this Council’s financial future. This report sets out the Statement of Accounts for 2014/15. It demonstrates sound financial management and provides evidence to stakeholders that they should have confidence in the Council’s financial future.

### 2. RECOMMENDATIONS

- 2.1 To approve the 2014/15 audited Statement of Accounts and the accompanying Annual Governance Statement.
- 2.2 To note the auditor’s Annual Governance Reports and value for money conclusion.
- 2.3 To agree the action plan in Appendix 1 of the Annual Governance Report.
- 2.4 To approve the letter of representation set out in Appendix B.

### 3. BACKGROUND

- 3.1 The purpose of this report is to report the outcome of the audit of the draft Statement of Accounts that were presented to the Auditors at the end of June 2015 and the details of the Auditor’s Annual Governance Report.

- 3.2 The Committee is required to approve the audited Statement of Accounts by 30 September 2015, including the accompanying Annual Governance Statement.
- 3.3 There is also the requirement that a general letter of representation on behalf of the Council's management is provided to the Auditor.

#### **4. STATEMENT OF ACCOUNTS 2014/15**

- 4.1 The Council is required to prepare financial accounts covering the period from 1st April to 31st March, each year. These statements have to be presented in the required statutory format, following the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code)*, which means that the financial information contained in the Statement of Accounts will be presented in a different way to how it is normally reported in financial monitoring reports.
- 4.2 Between Monday 22<sup>nd</sup> June and Friday 17<sup>th</sup> July, the accounts and supporting documentation were made available for public inspection. From Monday 20<sup>th</sup> July, up until the conclusion of the audit, the Auditors have and will consider any questions or objections relating to the accounts. The relevant statutory public notice was published on 28<sup>th</sup> May in the 'Islington Gazette' and 29<sup>th</sup> May in the 'Islington Tribune'. The notice was also published on the Council's website.
- 4.3 After several years of continuous major changes there were no significant changes in accounting requirements or policies since the previous year. This allowed the Council to consolidate and strengthen its financial reporting procedures with a much reduced staffing level.

#### **Quality Assurance**

- 4.5 As in previous years, the closing of accounts timetable had a process of quality assurance.
- 4.6 In line with the council's policy to reduce agency staff, the Finance department has not engaged any specialist agency staff to support its work this year.

#### **Highlights**

- 4.7 The Statement of Accounts is a very complex document. In order to aid understanding, a presentation will be made setting out the key elements and highlights from the accounts.
- 4.8 The Statement of Accounts (including Pension Fund) are expected to receive a clean audit opinion from the Council's auditors. The Auditor has found the draft accounts submitted to audit to be on time, complete and at this stage only minor adjustments have been made to them.
- 4.9 No material adjustments are proposed to the Council's Accounts save minor presentational issues. One key disclosure note, termination benefits, has been increased by £261,000.
- 4.10 The Pension Fund Net Assets have been increased by £1.1m. This is mainly because of more up to date valuation data being received during the audit which was not available at the time of drafting the Statement of Accounts.

- 4.11 The Auditors are also reporting that supporting working papers supplied during the audit were of a high quality and Council officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.
- 4.12 The Statement of Accounts will be formally published with the audit opinion at the end of September.

## **5. ANNUAL GOVERNANCE REPORT**

- 5.1.1 The auditor's Annual Governance Reports for the year ended 31 March 2015 is attached at Appendix A. It summarises the findings of the 2014/15 audit which is substantially complete, with just a few queries remaining at the time of writing.
- 5.1.2 The Auditor will attend the meeting of the Committee to present his findings and update the Committee on any matters that may have arisen since the publication of his report. The key elements of the report are summarised below.

### **Value for Money Conclusion**

- 5.2 The Auditor intends to issue an unqualified conclusion that the Council has adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

### **Management Representation Letter**

- 5.3 It is a requirement of the International Auditing Standards for the Auditors to request a letter from the Council that sets out various representations. Appendix B sets out a draft of the letter that will be signed by the Director of Finance on behalf of the council's management. If there is any material change to the letter prior to its signing and communication to the Auditor, this will then need to be reported to the Committee.

### **Adjusted Amendments**

- 5.4 The Council's main Statements of Accounts were free from material error. The Annual Governance Report confirms that only minor adjustments were made to the Statements.

### **Recommendations**

- 5.5 The auditor has not had to make any recommendations based upon the findings from their audit work.

## **6. IMPLICATIONS**

### **Financial Implications**

- 6.1 These are contained within the body of the report.

### **Legal Implications**

- 6.2 Regulation 7 of the Accounts and Audit Regulations 2011 requires a local authority to prepare an annual statement of accounts. Regulation 8 requires that the responsible officer (the Corporate Director of Finance) certifies the statement no later than 30th June following the end of the financial year. The statement must be recertified, considered, approved by the Council or an appropriate committee and published (along with the auditor's opinion) no later than 30th September. As the approval of accounts is a non-executive function, the appropriate committee is the Audit Committee. Regulation 8(3) requires the approved accounts to be signed by the person presiding over the meeting

that approved them, in other words, by the chair. Following approval by the committee and signature by the Chair, the accounts will then be formally posted onto the Council's website and copies will be distributed as appropriate.

### **Resident Impact Assessment**

6.3 There are no direct equality implications.

## **7. CONCLUSION**

7.1 The significant effort of all concerned in producing the statement of accounts and supporting the audit has been rewarded with a clean audit sign-off and an encouraging Annual Governance Report. The Audit Committee can be confident that the Council is well positioned to continue to report its financial activities and address the recommendations made by the auditors.

### **Appendices**

- A Annual Governance Report 2014/15
- B Letter of Representation
- C Statement of Accounts 2014/15
- D Annual Governance Statement 2014/15

### **Background papers:**

None

<b>Signed by</b>		
	Corporate Director of Finance	9 September 2015
		Date

Responsible Officer: Alan Layton, Director of Financial Management  
Report Author: Mohammed Sajid, Chief Accountant  
Tel: 020-7527-2835  
Email : mohammed.sajid @islington.gov.uk