This report is submitted under Agenda Item 9. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any further delay in Statement of Accounts being published.

### Title: Update on the approval of the Statement of Accounts and Annual Governance Statement 2016/17

### Report of the Chief Operating Officer

<table>
<thead>
<tr>
<th>Open Report</th>
<th>For Decision</th>
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<tbody>
<tr>
<td>Wards Affected: All</td>
<td>Key Decision: No</td>
</tr>
<tr>
<td>Report Author: Stephen Hinds, Chief Accountant</td>
<td>Contact Details: E-mail: <a href="mailto:stephen.hinds@lbbd.gov.uk">stephen.hinds@lbbd.gov.uk</a> Tel: 020 8227 3079</td>
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### Accountable Director: Kathy Freeman, Director of Finance

### Summary:

The Council’s draft accounts were approved by the Chief Operating Officer in June 2017 and have been subjected to detailed audit by our external auditors, KPMG. Whilst the audit has yet to be completed, as at the date of preparing this report, KPMG are proposing to issue an unqualified audit opinion for the Statement of Accounts, including the Pension Fund.

In accordance with the Accounts and Audit Regulations 2015, the accounts and the Annual Governance Statement are now being presented to this Committee for their consideration and approval prior to publication by 30 September 2017.

### Recommendation

The Public Accounts and Audit Select Committee is recommended to:

1. Review and approve the Statement of Accounts for the year ended 31 March 2017;
2. Approve the Annual Governance Statement for the year ended 31 March 2017;
3. In order to comply with the Council’s statutory obligations, confirm that the Statement of Accounts for the year ended 31 March 2017 can be published by 30 September 2017 and authorise the Chief Operating Officer in liaison with the Lead Member to make any changes to the accounts that may be agreed with KPMG.
1. **Introduction and Background**

   1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit Regulations 2015. These require the Statement of Accounts to be certified by the Council’s Section 151 Officer (Chief Operating Officer) as presenting a true and fair view of the financial position of the Council by the 30th June of each year. The accounts must then be submitted for external audit to publish audited accounts by no later than the 30th September of the same year.

2. **Audit of Accounts**

   2.1 Following on from the PAASC meeting in July, the auditors have issued an updated ISA 260 to this meeting. The previous report identified the following as ongoing areas of work:

   - Verifying the work of the valuers relating to our land and buildings valuations
   - Awaiting confirmation from our banking providers on year-end cash balances
   - Testing Schools payroll expenditure
   - Confirmation of recording the entries of the register of interests
   - Verifying the independence of the Barking Renew Charity and
   - Agreeing the presentation of the recharges within the financial statements – these are now netted off rather than grossed up.

   The work in these areas is now complete and the auditors are satisfied with the conclusion of this work, aside from the issue relating to registered interests.

   2.2 The report notes that the authority was unable to obtain all declarations of interest, and KPMG have undertaken alternative procedures to gain assurance regarding the two councillors for whom returns were not received. This has meant that the auditors have raised an additional recommendation relating to this. Management will ensure that this recommendation is acted upon, and the outcome of this work will be reported back to PAASC next year.

   2.3 The adjusted audited differences are detailed below. These relate to the amendments to the authorities Land and Buildings valuations, and the correction to the recording of recharges, which nets to zero.
3. Pension Fund

3.1 There have been no further changes to the pension fund.

4. Value for Money Conclusion

4.1 It has been concluded that the Council has made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. KPMG anticipate issuing an unqualified VFM conclusion by 30 September 2017.

5. Annual Governance

5.1 The Council’s duty in respect of the Annual Governance Statement (AGS) is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control. This has been done and the statement, which has been signed by the Leader of the Council and Chief Executive, is included as a separate section within the statement of accounts. The auditors have reviewed the statement and confirmed that it complies with the guidance, *Delivering Good Governance in Local Government: A Framework*, issued by CIPFA/SOLACE.

6. Management Representation Letter

6.1 It is a requirement of external audit that the Section 151 Officer signs a letter of representation confirming that he has the responsibility for the proper administration of the financial affairs of the authority and that the duties that this entails have been undertaken. The letter is attached to this report.

7. Publication of the Statement of Accounts

7.1 If the recommendation to approve the Accounts is agreed by this committee, KPMG will be able to provide their formal opinion on the accounts and formally conclude the audit. The accounts will then be placed on the Council’s website.

8. Financial Implications

8.1 These have been addressed in the body of the report.
9. Legal Implications

9.1 The Local Audit and Accountability Act 2014 (the ‘2014 Act’) requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the ‘Regulations’). Regulation 9 sets out a timetable and requires certification by the Council’s responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution. This report is prepared in compliance with that obligation.

9.2 Furthermore, specified relevant local authorities¹ are required under Regulation 6(1) (b) to prepare an Annual Governance Statement (‘AGS’).

Governance is defined by CIPFA / SOLACE² as:
The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

and

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

9.3 The Regulations require the AGS be approved by a resolution of a Committee of the Council.

9.4 Following approval the Council must publish no later than 31 September 2017 the statement of accounts, the AGS as approved and a narrative statement by the Council on its financial performance, and economy, efficiency and effectiveness in the use of its resources over the financial year.

10. Appendix

ISA 260
Management Representation Letter

¹ See Section 2 and Schedule 2 of the Accounts and Audit Regulations 2015
² CIPFA SOLACE Delivering Good Governance in Local Government Framework 2016 Edition