

NON-EXEMPT

HAVANT BOROUGH COUNCIL

Governance & Audit Committee

16 September 2014

**STATEMENT OF ACCOUNTS 2013/14 AND LETTER OF
REPRESENTATION - HAVANT BOROUGH COUNCIL**
Corporate Accountancy Team Leader

FOR INFORMATION

Portfolio: FINANCE - CLLR MIKE CHESHIRE

Key Decision: No

1.0 Purpose of Report

- 1.1 To present the audited Statement of Accounts 2013/14 for signing and approval.
- 1.2 To present the Council's Letter of Representation for signing and approval

2.0 Recommendation

- 2.1 That the Committee agree the Statement of Accounts for 2013/14, and that the Chairman and S151 Officer certify the approval of the Accounts by signing page 5 of the Accounts.
- 2.2 That the Committee agree the draft Letter of Representation, and the Chairman of the Committee and S151 Officer signs the letter

3.0 Summary

- 3.1 The Council is required to formally respond to the External Audit report. This is carried out in the Letter of Representation.
- 3.3 The Council is required to approve the audited 2013/14 Statement of Accounts for publication on or before 30th September each year.

4.0 Reports

Statement of Accounts 2013/14

- 4.1 The Accounts and Audit Regulations 2011 require the Chief Financial Officer to first sign the accounts no later than 30th June and certify that they present a true and fair view the financial position of the Council at the end of the year to which it relates and its income and expenditure for that year. The Chief Financial Officer is required to re-certify the presentation of the statement of accounts before the accounts are approved by the Governance and Audit Committee.
- 4.2 The accounts have been audited by Ernst & Young and their conclusions have been presented to the Committee.
- 4.3 A small number of disclosure errors were identified. These errors relate to disclosure notes in the Accounts, specifically leases and IAS19 Pensions accounting, and did not result in any amendments to the primary statements.
- 4.4 The audit report noted that the closedown process in 2013/14 was not as smooth as in previous years. The closedown process coincided with a particularly difficult time for the Finance team. During April, the recruitment process for the Business Partners was still ongoing for three out of the five Business Partners. Furthermore, the Principal Accountant was on long term sick during the entire closedown process.
- 4.5 In addition to recruitment issues, the existing Cedar finance system had to be upgraded in order to comply with government PCN requirements. A new chart of accounts was also implemented during April as part of the upgrade, and the separate Debtors system (FIMS) migrated into Cedar, in preparation for the replacement finance system in April 2015. This meant that Cedar could not be accessed for a period of time in April, and resulted in a higher than usual volume of queries being addressed by the team.
- 4.6 The Auditors have also raised the issue of responses from councillors regarding related party transactions. Despite several reminders, a complete set of responses from all councillors was not achieved. It is recommended that the Governance & Audit committee feed this back to all Councillors and consider ways in which to improve the response rate in 2014/15.

5.0 Letter of Representation

- 5.1 The Letter of Representation is the Council's formal response to the Audit Results report. It outlines how the Council has complied with its statutory duties.
- 5.2 The draft Letter of Representation is attached as appendix B to this report.

Implications

- 7.1 Resources: No direct implications
- 7.2 Legal: The Council is required to publish Accounts within a statutory timescale. Robust year end processes mitigate the risk of not meeting these timescales.
- 7.3 Strategy: No direct implications
- 7.4 Risks: No direct implications
- 7.5 Communications: No direct implications
- 7.6 For the Community: No direct implications

8.0 Consultation:

Executive Head of Governance & Logistics
Corporate Accountancy team Leader

- 8.1 Appendices:
 - A. Statement of Accounts 2013/14
 - B. Draft Letter of Representation

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