

Agenda item 4
AGS/11/18

Report title: 2017/18 Statement of Accounts and Draft Annual Governance Statement	
Report to Audit, Governance and Standards Committee	
Report author: Margaret Lee – Executive Director for Corporate and Customer Services	
Date of meeting: 4 June 2018	For: Decision
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Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to present a draft of the Statement of Accounts for 2017/18 to the Committee for information (as appended), and to explain the Committee's role with regard to approval and publication of this document in July 2018.
- 1.2 This report also shares the draft of the Annual Governance Statement 2016/2017 with the Audit Committee. The Committee will be asked to formally approve it in September 2017 with the Statement of Accounts.

2. Recommendations

- 2.1 The Committee notes the arrangements for approval and publication of the Council's Accounts for 2017/18 as appended to this report.
- 2.2 The Committee considers the draft Annual Governance Statement 2016/2017 and makes any comments it wishes to make.
- 2.3 The Committee notes that it will be asked to approve the final statement at the same meeting as it considers the Council's final statement of accounts.

3. Background

- 3.1 The process of closing the Accounts, and of producing the supporting information required to enable the external auditor to give an unqualified opinion on the accounts, is both complex and time constrained.

- 3.2 The Council is statutorily required to compile its annual accounts in compliance with generally accepted accounting practice. It is also required by Regulation to:
- Present its annual accounts for external audit by **31 May** each year;
 - Make the draft Statement of Accounts available for the exercise of public rights for a period of 30 working days, to include the first 10 working days in June (*during this period the public have the right to raise objections, inspect the accounts and question the Local Auditor*); and
 - Publish its audited accounts by **31 July** each year.
- 3.3 These statutory deadlines are earlier than those that applied in previous years – that is, in previous years the deadlines were **30 June** and **30 September** respectively.
- 3.4 The Accounts and Audit Regulations 2015 also include a requirement to publish an Annual Governance Statement, which will be included in our annual statement of accounts. The regulations require authorities to carry out a review of the effectiveness of their system of internal control to provide assurance that the Authority has a sound internal control framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.
- 3.5 ECC has committed to a set of 7 core principles, developed by the Chartered Institute of Public Finance and Accountability (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their paper *Delivering Good Governance in Local Government: Framework 2016*.
- 3.6 The contents of our Code of Corporate Governance meet the requirements of those 7 key principles and key documents from the Framework can be found on our website. The Code of Corporate Governance at Essex County Council refers to a range of documents, policies and procedures that underpin our aim of achieving good governance. By ‘governance’ we mean the systems, processes, culture and values by which we direct and control our business.
- 3.7 The draft Annual Governance Statement starts at page 204 of Appendix A of the report. The Committee is asked to give any comments they may have on the draft statement.
- 3.8 The draft statement will be updated to reflect any changes requested or required by the Committee and to reflect any significant developments. The Committee will be asked to approve a final version alongside the final statement of accounts.

4. Draft Statement of Accounts for 2017/18

- 4.1 The draft Statement of Accounts for 2017/18 is appended to this report, to provide assurance to the Committee that the first stages in the statutory process have been adhered to.

- 4.2 In accordance with the statutory requirements, the Executive Director for Corporate and Customer Services:
- Certified the draft (unaudited) Statement of Accounts for 2017/18 on **31st May** and presented the accounts to the external auditor on this date; and
 - Commenced the 30 day period for the exercise of public rights on **1st June 2018**.
- 4.3 The external auditor will report the results of the audit work to the Committee on **30th July**, at which stage the Committee will also be asked to approve the Statement of Accounts and the final Annual Governance Statement for publication. The Committee will be required to consider the external auditor's findings before authorising the accounts for issue.

5. Policy context and Outcomes Framework

- 5.1 The Statement of Accounts for 2017/18 summarises the financial performance and financial position for the Council for the year ending 31st March 2018. As such, the Accounts provide a financial representation of activities during 2017/18 against the Organisation Strategy.

6. Financial Implications

- 6.1 There are no specific financial implications associated with this report.

7. Legal Implications

- 7.1 Legal implications: Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of its system of internal control and approve an annual governance statement, prepared in accordance with proper practices in relation to internal control. The statement must be approved before the accounts are approved. The statement must be published on the Council's website.

8. Equality and Diversity implications

- 8.1 There are no equality and diversity implications associated with this report.

9. List of appendices

- 9.1 **Appendix A** – Draft Statement of Accounts for 2017/18 including the draft Annual Governance Statement.

10. List of Background Papers

- 10.1 Papers referred to in the Annual Governance Statement