

ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	12 FEBRUARY 2019
TITLE OF REPORT:	APPROVING DRAFT STATEMENT OF ACCOUNTS
PURPOSE OF REPORT:	TO REQUEST THE COMMITTEE TO CHANGE THE PROCESS FOR APPROVING THE DRAFT STATEMENT OF ACCOUNTS
REPORT BY:	MARC JONES – HEAD OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
ACTION:	FOR DECISION

1. INTRODUCTION

- 1.1** The Council's Constitution places a duty on the Audit and Governance Committee to "Review and scrutinise the Council's Statement of Accounts prior to its adoption by the full Council ensuring that proper accounting policies have been followed and all concerns arising from the financial statement or the audit are brought to the attention of the Council through appropriate reports and recommendations."
- 1.2** This part of the Council's Constitution was reaffirmed in the revised Terms of Reference for the Audit and Governance Committee, which was accepted by the Audit and Governance Committee at its meeting on 19th September 2018.
- 1.3** In practice, this function has been discharged in two stages:-
 - Prior to the signing of the draft accounts and their submission for audit, the Committee has scrutinised the draft financial statement and made a resolution as to whether to accept and note the draft financial statement prior to submission for audit. This process takes place in the last week of June as the draft statements have to be published by the 30 June.
 - The final Statement of Accounts, following the completion of the audit of the accounts, along with the report of the External Auditor are considered by the Committee in mid September and the Committee then recommend to the full Council whether to accept the financial statements or not. The full Council must approve the financial statements and they must be signed off by the External Auditor by 30th September.

2. CHANGES TO THE REPORTING TIMETABLE

- 2.1** The reporting timetable is set out in the Accounts and Audit (Wales) Regulations 2014 as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018. The revised timetable is set out in the table below:-

Timetable for the Publication of Draft and Final Financial Statements

	Financial Year Ending 31 March			
	2018	2019	2020	2021 Onwards
Completion of draft financial statements	15 June	31 May	31 May	14 May
Publication of Audit Committee Agenda	20 June	4 June	3 June	18 May
Audit Committee Meeting	27 June	11 June	10 June	25 May
Publication of the draft financial statements	30 June	15 June	15 June	31 May
Completion of final financial statements	8 September	23 August	22 August	10 July
Publication of Audit Committee Agenda	12 September	27 August	26 August	14 July
Audit Committee Meeting	19 September	3 September	2 September	21 July
Full Council Meeting	25 September	10 September	9 September	28 July
Publication of the audited financial statements	30 September	15 September	15 September	31 July

2.2 This revised timetable will be very challenging and in particular completing the draft final accounts by 14 May, only 6 weeks after the end of the financial year, will be extremely difficult for the staff concerned. In addition, completion by mid May could compromise the accuracy and quality of the draft financial statements and could result in a greater level of external audit work and subsequent post audit adjustments.

2.3 The Accounts and Audit Regulations (Wales) 2014 and the associated CIPFA Code of Practice do not require formal approval of the draft financial statements by a Committee of the Council before they are published and presented for audit. Regulation 10 (1) states that:-

“The responsible financial officer of a larger relevant body must, no later than the {prescribed date} immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body’s income and expenditure for that year”.

3. PROPOSED AMENDMENT TO THE APPROVAL PROCESS

3.1 In light of the shortened timetable for the completion of the draft financial statements and the practical difficulties it will bring, it is proposed that the draft financial statements are signed by the Section 151 Officer (the Responsible Financial Officer) and presented for audit before they are considered by the Audit and Governance Committee. This proposal will give the following revised timetable:-

Revised Timetable for the Publication of Draft and Final Financial Statements

	Financial Year Ending 31 March		
	2019	2020	2021 Onwards
Completion of draft financial statements	15 June	15 June	31 May
Publication of the draft financial statements	15 June	15 June	31 May
Publication of Audit Committee Agenda	19 June	17 June	23 June
Audit Committee Meeting	26 June	24 June	30 June
Completion of final financial statements	23 August	22 August	10 July
Publication of Audit Committee Agenda	27 August	26 August	14 July
Audit Committee Meeting	3 September	2 September	21 July
Full Council Meeting	10 September	9 September	28 July
Publication of the audited financial statements	15 September	15 September	31 July

- 3.2** The proposed change would allow an additional 2 weeks for the completion of the draft financial statements.

4. RECOMMENDATIONS

- 4.1** The Committee is requested to approve the change in the timetable and allow the Section 151 Officer to sign the draft financial statements prior to their consideration by the Audit and Governance Committee.