



AUDIT COMMITTEE

24 September 2015

REPORT

Subject Heading:

Annual Statement of Accounts 2014/2015

Report Author and contact details:

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Policy context:

Audit Committee responsible for
approving accounts.

Financial summary:

N/A

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input type="checkbox"/>
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

SUMMARY

The Council's Statement of Accounts is required to be published after the conclusion of the external audit of accounts; no later than 30th September 2015. At this stage our auditors, PricewaterhouseCoopers expect to issue an unqualified opinion on the Statement of Accounts.

RECOMMENDATIONS

The Committee is asked to:

- a) Approve the Statement of Accounts confirming that no amendments are required to be made to the accounts in respect of the items set out in the auditors' report.
- b) note that the audited accounts must be published by 30th September 2015.
- c) Note the amendments to the accounting policies arising from the audit of the accounts.

REPORT DETAIL

1. Statement of Accounts 2014/15

Our auditors, PricewaterhouseCoopers, have completed their audit of the Statement of Accounts and expect to issue an unqualified opinion. A formal report on their findings is included as item 6 on the agenda.

The draft Statement of Accounts is shown at Appendix A and incorporates any changes agreed with the auditors.

Following approval by this Committee, the accounts must be signed by the Chair of the Committee and the Group Director of Finance and Commerce.

2. Accounting Policies

The Audit Committee meeting of 11th March noted the accounting policies applicable to the financial year 2014/15, and these are reflected in the draft Statement of Accounts.

As a result of the audit of the accounts, two policies were updated to make them more specific to Havering's accounts. These were:

Policy xvii: Jointly Controlled Operations and Jointly Controlled Asset

This was replaced with a more specific policy, **Interest in Joint Committee**, describing the arrangements in place with regard to oneSource:

oneSource is a participative arrangement created by the Authority and the London Borough of Newham to share back office operations. It is governed by a joint committee and is not deemed to meet the definition of joint control; hence the assets, liabilities, income, expenditure and cash flows of the joint committee are not consolidated into the Authority's group accounts. Instead, the Authority accounts for its own transactions arising within the agreement, including the

assets, liabilities, income, expenditure and cash flows, in its single entity financial statements. Cost savings are shared between the two authorities on the basis of an agreed formula and are allocated on an annual basis.

Policy xxii: 'Accounting for Schools

The second paragraph was amended to clarify why academies are not included in the Statement of Accounts:

The Authority includes the income and expenditure of local authority maintained schools within its financial statements on the basis that they remain within the local authority boundary under common control. These are defined as community, voluntary controlled, voluntary aided, foundation, community special, foundation special and nursery schools. Assets of these schools are also included in the Authority's Accounts except for non-current assets owned by another legal body acting as a trustee (such as the diocese) and made available for the school's use.

Academies control their own assets and prepare accounts under the Charities' Statement of Recommended Practice. This is a requirement in their Funding Agreements. Academies are therefore excluded from the Authority's Accounts from the date of conversion with any outstanding grant allocations for the financial year of conversion being included as expenditure within the Consolidated Income and Expenditure Statement.

IMPLICATIONS AND RISKS

Financial Implications and Risks:

There are no material financial implications arising directly from the publication of accounts.

Legal Implications and risks:

Regulation 8 of the Accounts and Audit (England) Regulations 2011 requires the approval and subsequent publication of the Statement of Accounts after the conclusion of the audit but in any event no later than the 30th September 2015. Approving the recommendations set out herein will minimise the risk of non-compliance with these requirements”

Human Resources Implications and risks:

None arising directly

Equalities and Social Inclusion Implications and risks:

None arising directly

BACKGROUND PAPERS

Appendix A

London Borough of Havering

Statement of accounts for the financial year 2014/15