
FINAL AUDITED STATEMENT OF ACCOUNTS 2013/14

To: **Governance and Audit Committee – 24 September 2014**

Main Portfolio Area: **Financial Services and Estates**

By: **Director of Corporate Resources**

Classification: **Unrestricted**

Summary: For Members to approve the audited Statement of Accounts for 2013–14, and to consider the annual audit letter

For Decision

1.0 Introduction

- 1.1 The Accounts and Audit (England) Regulations 2011 require the Council to consider, approve and publish the 2013-14 accounts by 30th September 2014. This may be done by way of a Committee – in the case of Thanet the Governance and Audit Committee.
- 1.2 The draft Statement of Accounts for 2013-14 has now been audited by Grant Thornton and a number of amendments have been made as a result. Members are now asked to approve the audited accounts. These are provided at Appendix A.
- 1.3 The Council - again by way of Governance and Audit Committee - must also consider Grant Thornton's annual letter and publish it. The letter is provided at Appendix B.
- 1.4 Governance and Audit Committee should also note and minute the letter of representation sent by the Director for Corporate Resources to Grant Thornton. The letter is provided at Appendix C.

2.0 Statement of Accounts

- 2.1 The following misstatement was adjusted in the accounts having been identified during the audit process. This adjustment is a movement between lines in the Comprehensive Income and Expenditure Statement and has no impact on the overall financial position of the Council.

Actual Return on Pension Scheme assets of (£4,433k) removed from 'Pensions interest cost and expected return on pension assets' and moved to 'Actuarial (gains)/ losses on pension assets/ liabilities' in Note 9 to ensure internal consistency with Note 39. The net impact identified by the auditors is nil.

- 2.2 The adjustment cited in 2.1 is a technical adjustment in the notes to the account. The Council is not the superannuation authority.
- 2.3 A number of misclassifications and disclosure changes have been made in the accounts following their identification during the audit. The most significant is a

reclassification of the distribution of grant receipts in advance between current and long term liabilities. The changes are set out in page 16 of Grant Thornton's report.

3.0 Value for Money

3.1 Grant Thornton are also required to give a formal Value for Money conclusion based on two criteria specified by the Audit Commission which support auditors' reporting responsibilities under the Code of Audit Practice 2010. The criteria are:

- The Council has proper arrangements in place for securing financial resilience
- The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

3.2 Grant Thornton state their satisfaction in all respects with the value for money arrangements, except for 'promoting and demonstrating the principles and values of good governance'. They state (p21) 'During 2013-14 the behaviour of some members, as documented in the April 2014 Corporate Peer Challenge, fell below acceptable standards. As a consequence we are unable to conclude that, during 2013-14, the Council had adequate arrangements for promoting and demonstrating the principles and values of good governance.'

3.3 On page 22 of their report Grant Thornton explain in more detail the reasons for their qualification, whilst noticing the progress made by the Council on these issues in 2014-15. This is reflected in the 'amber' status for financial governance on page 23 of Grant Thornton's report.

4.0 Response to action plan

4.1 On page 29 of their report Grant Thornton set out an action plan arising from the audit. The actions and the management responses are set out in the table below.

	Recommendation	Priority	Management response	Implementation date & responsibility
1	Whilst the council has made a good start in responding to the Corporate Peer Challenge, it is vital that it continues to respond proactively to the issues raised in the April 2014 report, so that it can clearly evidence that the principles of good governance have been re-established by the Council	Significant deficiency – risk of significant misstatement	The peer review recommendations are being taken forward urgently, working with the Improvement Board. In the area of member behaviour the Council Members intend to demonstrate respect for the views of others; professional debate and willingness to listen to contrary opinions;	By March 2015 Leader of the Council and Chief Executive.

			and respect for the advice of statutory officers.	
2	Formal reviews should be undertaken of user access permissions (including the network folders) and when changes are made to user accounts to help identify anomalies and ensure that access is granted on the basis of a user's level of responsibility. This will ensure that access rights are proportionate to users' responsibilities and protect systems and information from unauthorised access.	Deficiency – risk of inconsequential misstatement	Access controls are in place, but there is always scope to strengthen these as required. These audit findings have been referred to Internal Audit for a thorough review of user access. The findings of that Internal audit review will be actioned to ensure effective controls are in place.	By December 2014 Director of Corporate Resources
3	Management should consider implementing stronger logical access settings for systems and applications.			

3.0 Options

3.1 That Members approve the audited accounts.

3.2 That Members do not approve the audited accounts.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 There are no financial or VAT implications arising directly from this report.

4.2 Legal

4.2.1 The Council has a statutory responsibility under the Accounts and Audit Regulations to publish the 2013-14 accounts by 30th September 2014, together with the auditor's report.

4.3 Corporate

- 4.3.1 Under the Local Code of Corporate Governance accepted by Cabinet on 10 November 2004, the Council is committed to publish and make available reports that give an objective and understandable account of its activities, achievements, financial position and performance.
- 4.3.2 The published accounts must have been subject to Member scrutiny and must give a true and fair view of the council's financial position and its income and expenditure for the year.

4.4 Equity and Equalities

- 4.4.1 There are no equity or equality issues arising from this report

5.0 Recommendations

- 5.1 That Governance and Audit Committee approve the Statement of Accounts for 2013/14;
- 5.2 That Governance and Audit Committee consider Grant Thornton's letter;
- 5.3 That Governance and Audit Committee note and minute the letter of representation to Grant Thornton issued by the Chief Executive and Director of Corporate Resources.

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Annex List

Annex 1	Statement of Accounts for 2013/14
Annex 2	TDC CEx's letter of representation to Grant Thornton

Background Papers

Title	Where to Access Document
Financial Services' working papers	TDC Finance Department

Corporate Consultation Undertaken

Finance	N/A
Legal	N/A