

## STATEMENT OF ACCOUNTS 2015/16 - PREPARATION UPDATE

Audit Committee 8 January 2016

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

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**This report supports the Key Aim of Effective Management of Council Resources**

**Portfolio Holder** Cllr. Grint

**Contact Officer** Helen Martin Ext. 7483

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**Recommendation to Audit committee:** That the report be noted.

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**Reason for recommendation:** To provide members with information regarding the Statement of Accounts process for 2015/16.

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### Introduction and Background

1. Audit Committee in September 2015 was advised that a report on the changes being implemented in the Finance Team would be reported to this Committee. This report explains the changes that are taking place in Finance to produce an improved Statement of Accounts for 2015/16
2. In December, Strategic Management Team gave their approval to a restructure within the Finance Team. Copies of the existing and new structure are attached as Appendix A. The approved structure includes a new post of Principal Financial Accountant and the post holder will take responsibility for certain elements of the final accounts, particularly those relating to the proposed trading company. Recruitment for this post commenced at the beginning of January. A new financial systems team has been created to focus on input to the accounting system and support for users. This should release more of the accountants time to undertake financial accounting.
3. Kent County Council (KCC) terminated the contract for the Finance Trainee seconded to Sevenoaks at the end of December because the post holder was successful in achieving a permanent post at KCC. It is not appropriate to recruit to the trainee vacancies in the new structure until the position of existing employees has been resolved. However, the work that would have been undertaken by the trainee at this time of year was critical to the organisation, and SMT have approved the appointment of an interim

accountant to undertake the work until recruitment of a permanent member of staff can begin.

4. In addition to the restructure some other measures will be implemented for 2015/16 to improve the Statement of Accounts including:
  - The timetable has been re-scheduled to provide additional time for quality control measures to be undertaken before 30<sup>th</sup> June. This quality control will involve both internal and external resources. The timetable will also shorten the time allowed for final accounts completion in preparation for closedown in 2017/18
  - CIPFA will again be engaged to assist in the calculation of accounting entries required for fixed assets. The CIPFA toolkit for final accounts has been ordered and this will help to double check the integrity of the notes supporting the main tables.
  - The accruals advisory limit will be retained at £500 as a larger limit may result in an aggregate position that materially under or overstates income and expenditure for the year. Due to the shorter timetable there will have to be greater use of estimated figures for these accruals.
  - The part of the statement of accounts that involves the major statements and tables of notes will be prepared using Excel which, combined with using the CIPFA toolkit will reduce discrepancies arising from rounding errors.
5. In previous years it has been the practice for Chief Officers to request approval for specific unspent budgets to be carried forwards at the Finance Advisory Committee in May. This timescale does not fit with the earlier closedown requirements and in future Finance Advisory will consider requests and make recommendations to Cabinet on carry forwards as part of the review of reserves in February.
6. The arrangements put in place should enable the Statement of Accounts to be produced to the quality expected.

## **Key Implications**

### Financial

Some additional costs may be incurred in producing the statement of accounts, particularly in the light of any recruitment difficulties in critical areas leading to a requirement to obtain external resources.

## Legal Implications and Risk Assessment Statement

It is a legal requirement that the authority produce an annual statement of accounts.

## Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **Conclusions**

That Member note the action being taken regarding the \Statement of Accounts for 2015/16

## **Appendices**

Appendix - Current and Approved structures in finance team

Background Papers:

None

**Adrian Rowbotham**  
**Chief Finance Officer**