

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 24 SEPTEMBER 2013

RESPONSE TO LOCAL AUTHORITY ACCOUNTS REGULATIONS CONSULTATION

**JOINT REPORT BY HEAD OF CORPORATE IMPROVEMENT AND FINANCE AND THE SERVICE
MANAGER - GOVERNANCE**

ABSTRACT

This report outlines the proposed response to the Scottish Government consultation on changes to the Local Authority Accounts Regulations

1. RECOMMENDATIONS

It is recommended that the Scrutiny & Audit Committee approve the content of the response at Appendix 1 and approve its submission to the Scottish Government.

2. BACKGROUND & COMMENTARY

The Scottish Government has recently issued a consultation document on its proposals for a replacement for the “1985” Regulations. These affect various aspects of Scottish local government finance, record keeping, annual accounts administration and audit arrangements. The consultation draft Regulations *The Local Government Accounts (Scotland) Regulations 2013* reflect the strong desire of the Scottish Government to place a greater responsibility upon the local authority as a corporate body. The broad proposals have been well publicised for some time now, but it has taken the Scottish Government time to consult with the review working group and to agree the detail of the changes.

The Scottish Government proposes to bring the changes into operation for 2013-2014. The current Regulations have remained unchanged for almost 30 years and what is proposed to replace them is a significant piece of legislation.

This affects primarily the annual accounts process, and brings areas like arrangements for certification, public inspection and the publication of the annual accounts up-to-date with modern practice. Other areas covered include the annual governance statement, responsibility for internal audit, and the basis of valuation of pension rights in the Remuneration Report

The main changes being proposed relate to:

- a) The local authority as a corporate body will have responsibility for ensuring the financial management of the authority is adequate and effective
- b) A statutory requirement for review and production of an Annual Governance Statement (which Angus Council currently does as a matter of best practice)
- c) A corporate body responsibility for keeping adequate accounting records with the proper officer retaining responsibility for maintaining the systems and records and ensuring they are up to date and being observed
- d) The introduction of a management commentary in line with the UK Government's Financial Reporting Manual (FReM) to replace the current Explanatory Foreword in the statutory accounts.
- e) An enhanced role for council members in relation to approving the annual statutory accounts.
- f) A statutory requirement for a local authority to undertake adequate and effective internal audit
- g) The disclosure of cash equivalent transfer values in the remuneration report

A response to the Scottish Government questionnaire is attached as [Appendix I](#).

The proposed changes are generally supported and welcomed, however there are significant concerns with regard to Regulation 10, “signing and consideration of the statements” which is proposing that the accounts are approved by committee before the 30 September. Although early publication of audited accounts is helpful in terms of governance and public reporting

there are significant practical concerns associated with the proposals as they stand. Detailed feedback has therefore been provided in Section 20 of the consultation questionnaire. [Appendix II](#) to this report provides a suggested timeline and with the Committee's approval will be submitted along with the Council's response to the consultation.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

4. RISKS

This report does not require any specific risk issues to be addressed

5. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising directly from this report.

6. EQUALITIES IMPLICATIONS

The issues contained in the report fall within an approved category that has been confirmed as exempt from an equalities perspective.

7. CONSULTATION

The Chief Executive, Strategic Director-Resources and Head of Legal & Democratic Services have been consulted in the preparation of this report.

IAN LORIMER
HEAD OF CORPORATE IMPROVEMENT
AND FINANCE

JANINE WILSON
SERVICE MANAGER –GOVERNANCE

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

Gov/JW/IL September 2013