

AGENDA ITEM 7

REPORT TO THE TEES VALLEY COMBINED AUTHORITY CABINET

27 JULY 2018

REPORT OF THE INTERIM MANAGING DIRECTOR

ANNUAL FINANCIAL STATEMENTS 17/18

SUMMARY

To present to Members of the Cabinet the Financial Statements incorporating the annual Governance Statement and the Annual Report for 2017/18

RECOMMENDATIONS

It is recommended that the Tees Valley Combined Authority Cabinet approve the Financial Statements, Annual Governance Statement and Annual Report.

DETAIL

1. The Authority is required to produce an Annual Statement of Accounts that sets out the financial position for that period. The accounts are prepared in accordance with all relevant prescribed guidance, Codes of Practice and Reporting Standards.
2. The 2017/18 financial statements will, for the first time, incorporate the South Tees Development Corporation to form group accounts for the Combined Authority.
3. The Accounts and Audit Regulations (England) 2015 came in to effect on 1st April 2015. The regulations change the arrangements for the approval and publication of the Statement of Accounts and the Annual Governance Statement.
4. In line with this revised guidance issued by Government the inspection notice and draft accounts were published on the Combined Authority website, during this time the public have the right to examine the accounts, question the auditor and to make objections.
5. The attached Statement of accounts at **Appendix 1** have been audited by Mazars LLP and the findings are contained within the external audit completion report at agenda item 8.
6. A requirement of the regulations state that the Governance Statement should be signed by a minimum of the Managing Director and the Mayor, following approval by Cabinet. A key objective of this signing off process is to secure corporate ownership

of the statement's contents. It the Authority's intention that this year's Annual Governance Report also be signed by the Chair of the Local Enterprise Partnership, in line with best practice recommendations made by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their 2016/17 review of Annual Governance Statements.

7. The Annual Governance Statement includes an acknowledgement of responsibility for ensuring that proper arrangements are in place around the governance of its affairs and an indication of the level of assurance that the system provides. The statement also includes a description of the key elements forming the governance framework, a description of the process applied in reviewing the effectiveness of this framework, including the system of internal control, and an outline of the actions taken or, proposed to be taken, to deal with significant governance issues.
8. The Combined Authority's draft Annual Governance Statement for 2017/18 is attached at **Appendix 2**.
9. The Combined Authority has created its first Annual Report. The report is designed to act as a public record of the organisation's collective achievements and key areas of work. It contains a financial report for 2017-2018 and summarises the Combined Authority's future direction and priorities to stakeholders and the wider public.
10. It will be distributed to local authorities, stakeholders and the Tees Valley business community. The report is part of a drive towards a more corporate style of communications and will also be available to download from the Combined Authority's new website.

FINANCIAL IMPLICATIONS

11. None

LEGAL IMPLICATIONS

12. Regulation 9(1) of the Accounts and Audit Regulations 2015 requires the Authority's Chief Finance Officer to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the Authority. Regulation 9(2) requires the Statement of Accounts to be approved by members prior to publication. Regulation 10(1) requires the publication of the approved, audited Statement of Accounts by 31st July 2018

RISK ASSESSMENT

13. None

CONSULTATION

14. The draft accounts were published on the Combined Authority's website for a period of 30 days that includes the first 10 working days of June. During this period the public can examine the accounts, question the auditor and to make objections.

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