

Committee/Panel:	Basingstoke Canal Joint Management Committee
Date:	26 June 2014
Title:	Small Bodies Annual Return 2013/14
Reference:	
Report From:	Report of the Honorary Treasurer

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1. Introduction

1.1. The Basingstoke Canal is required to submit an annual return by 30 June 2014 summarising its financial activities for the financial year 1 April 2013 to 31 March 2014. This return comprises four sections:

- the Accounting Statements
- the Annual Governance Statement
- the external auditor's certificate and opinion
- the internal auditor's report

2. Annual Governance Statement

- 2.1. The Annual Governance Statement for the 2013/14 financial year is attached at Appendix A. Appendix B contains some explanatory notes to demonstrate how the Canal complies with the requirements of the statement.
- 2.2. The Committee is requested to consider and approve the Annual Governance Statement, so it can be signed by the Chair and the Committee Clerk and submitted for audit.

3. Accounting Statement 2013/14

- 3.1. The Accounting Statement provides a high level summary of the 2013/14 financial activity of the Basingstoke Canal Authority, which is attached at Appendix C. It reflects the detailed financial position covered in the Final Accounts Report, which is presented as a separate item on the Agenda.
- 3.2. The Committee is requested to approve the Accounting Statement, so it can be signed by the Chair and the Committee Clerk and submitted for audit.

4. External auditor's certificate and opinion

- 4.1. BDO LLP are the appointed external auditors for the Basingstoke Canal Authority and will complete this section of the return following the conclusion of their audit.

5. Internal auditor's report

- 5.1. An internal audit of the Basingstoke Canal is carried out once every three years as part of a risk assessed cyclical programme.
- 5.2. Where appropriate, reliance is placed on assurance work carried out on HCC corporate systems used by the Basingstoke Canal to avoid duplication and additional cost to the body.
- 5.3. The internal auditor's report is attached at Appendix D.

6. Recommendations

- 6.1. That the Annual Governance Statement for 2013/14 is agreed by the Committee and signed by the Chair and Clerk.
- 6.2. That the Accounting Statement for 2013/14 is approved by the Committee and signed by the Chair.

Basingstoke Canal – Annual Governance Statement

6

1. The Canal Partnership budgets are governed by the financial standing orders and procedures of Hampshire County Council, with the accounts prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

2. HCC's financial systems and procedures ensure segregation of duties, including financial limits of responsibility.

Fraud and irregularity prevention, detection and investigation is covered by HCC's internal auditors, including the assessment of the effectiveness of controls and detection processes.

3. The officers are kept informed of changes in the law and regulations (through a variety of groups and forums) which could have an effect on the running of the Canal or its finances. The Canal has not knowingly acted outside its legal powers.

4. A "Notice of Public Rights" is displayed in the Canal Visitor Centre each year, inviting anyone to arrange a time to inspect the accounts between specific dates (20 working days).

5. The Canal management team discuss and assess all risks at their regular meetings, and decide upon a course of action. The Canal is covered by HCC's self-insurance scheme. The Canal also benefits from regular advice visits and inspections by the Culture, Communities and Business Services (CCBS) Risk & Safety team. Financial advice is provided by Hampshire County Council as is the Internal Audit service.

The Memorandum of Agreement (February 2014) confirms that the Canal land remains the property of Surrey and Hampshire County Councils and that therefore all associated risks and liabilities arising from the land and built assets remain with those Councils. The Canal Partnership is therefore responsible for the financial risks associated with the running of the Basingstoke Canal Authority only.

Financial reports are produced for and discussed at each of the regular meetings of the Joint Management Committee. These reports cover capital investment for maintaining and improving the Canal as well as the core running costs of the Canal.

The Basingstoke Canal Authority staff are currently employed by Hampshire County Council. The staff work under the operational procedures, including financial and health and safety, of Hampshire County Council. This applies even where they are working on that part of the Canal owned by Surrey County Council.

6. The Basingstoke Canal Authority uses HCC's financial systems and procedures.

Internal audit of the Canal is carried out on a cyclical basis (currently once every three years, due in 2014/15) with reliance placed on assurance work carried out on HCC's corporate systems to avoid duplication and additional costs for the Canal. This is considered an appropriate, proportionate and risk based approach to the internal audit requirements of the Canal.

7. The Canal staff have responded to all matters brought to their attention via internal and external audits.

The Committee supported the Officer responses to the Issues Arising report from the external auditors at the meeting of 27 February 2014.

8. The annual financial accounts take into account everything relating to each financial year regardless of when the activity took place.

Section 100 D – Local Government Act 1972 – background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report. NB this list excluded:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE	FILE
None	*

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