

**KENT THAMESIDE**

**JOINT EXECUTIVE COMMITTEE**

**STATEMENT OF ACCOUNTS 2003/2004**

# EXPLANATORY FOREWORD

## 1. BACKGROUND TO THE COMMITTEE

The Kent Thameside Joint Executive Committee exists for the following purposes:

- (a) To consult on, prepare and keep under review, strategic frameworks for the development of the Area including its social, physical and economic development and the development of its communications and transportation systems, including Transport Strategy;
- (b) To take such steps as are from time to time considered appropriate to promote the economic development of the Area and to prepare, consult on, and co-ordinate a joint Economic Development Strategy;
- (c) To facilitate the objectives of Kent Thameside by undertaking research, the collection and provision of information, the encouragement of visitors to the Area and the provision of conference and other facilities pursuant to Sections 141, 142 and 144 of the Local Government Act, 1972;
- (d) To secure additional external funding for the Area in furtherance of the committee's objectives and where it is advantageous for such bids to be pursued on a joint basis;
- (e) To co-ordinate the reviews of Local Plans for the Area and to consider and make recommendations on the desirability of establishing Joint Local Plans at the appropriate time;
- (f) To develop, implement and monitor crime and disorder strategies for the Area in partnership with the police and the relevant persons;
- (g) To assist in the preparation, review and implementation of programmes for the provision by the Constituent Authorities and other bodies of the social and community infrastructure necessary to support the development and regeneration of the Area, including community development, social services, housing, education, leisure and health etc.
- (h) To prepare and approve development briefs for such sites as the three Constituent Authorities may agree from time to time;
- (i) To prepare and implement programmes for the improvement of the environment of the Area as agreed from time to time by the three Constituent Authorities.

The committee itself comprises representatives of the three constituent authorities; Kent County Council, Gravesham Borough Council and Dartford Borough Council.

2. **THE FINANCIAL FRAMEWORK OF THE COMMITTEE**

Dartford Borough Council is responsible for Human Resources and the financial accounting of the S101 Committee; the Committee has its own accounts, which are separate from those of Dartford. The Gravesham Borough Council is responsible for committee administration.

The expenditure of the Committee is borne equally by each of the constituent authorities.

3. **REASONS FOR PRODUCING THIS STATEMENT OF ACCOUNT**

The Accounts and Audit Regulations 2003, issued by the First Secretary of State under Section 27 of the Audit Commission Act 1998, requires Local Authorities, including joint committees such as Kent Thameside Joint Executive Committee, to publish annual statements of account. The primary purpose of this Statement is to describe the financial transactions of the joint committee between 1 April 2003 and 31 March 2004 by way of a Revenue Account (page 13) and its financial position at 31 March 2004 by way of a Balance Sheet (page 14). Details of the accounting principles used and other explanatory information are given on pages 10 to 12. The regulations also require a Statement on the System of Internal Financial Control. This is included on pages 7 to 9.

4. The Committee's accounts for the year 2003/2004 reflect the CIPFA Accounting code of Practice. These accounts are supported by the Statement of Accounting Policies which follows this foreword and various notes to the accounts.

The accounts are set out on the following pages and consist of:

- The Revenue Account
- The Balance Sheet
- The Cash Flow Statement

**STATEMENT OF RESPONSIBILITIES**

## **FOR THE STATEMENT OF ACCOUNTS**

### **Kent Thameside Joint Executive Committee's Responsibilities**

The Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of the officers from the constituent authorities has the responsibility for the administration of those affairs. For the Kent Thameside Joint Executive Committee, that officer is the Chief Finance Officer of Dartford Borough Council who is Treasurer of the Joint Committee.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### **Responsibilities of the Treasurer to the Joint Committee**

The Treasurer of the Joint Committee is responsible for the preparation of that Committee's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain, is required to present fairly the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31 March 2004.

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the code.

The Treasurer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **REPORT OF THE AUDITORS TO KENT THAMESIDE JOINT EXECUTIVE COMMITTEE**

We have audited the statement of accounts on pages 7 to 16 which has been prepared in accordance with the accounting policies applicable to the Joint Executive Committee as set out on pages 10 to 12.

This report is made solely to Kent Thameside Joint Executive Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 54 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

### **Respective Responsibilities of the Treasurer and Auditors**

As described on page 4 the Treasurer is responsible for the preparation of the statement of accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2003. Our responsibilities, as auditors, are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

- We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Joint Executive Committee.

We review whether the statement on the system of internal financial control on page 7 reflects compliance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2003. We report if it does not meet the requirements specified by CIPFA/LASAAC or if the statement is misleading or inconsistent with other information we are aware of from our audit of the statement of accounts. We are not required to consider whether the statement on internal financial control covers all risks and controls, or to form an opinion on the effectiveness of the authority's system of internal financial control. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the statement of accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

### **Basis of Audit Opinion**

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also includes an

assessment of the significant estimates and judgments made by the Committee in the preparation of the statement of accounts, and of whether the accounting policies are appropriate to the Committee's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we evaluated the overall adequacy of the presentation of the information in the statement of accounts.

**Opinion**

In our opinion the statement of accounts presents fairly the financial position of Kent Thameside Joint Executive Committee as at 31 March 2004 and its income and expenditure for the year then ended.

**Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature: .....

Date: .....

**PricewaterhouseCoopers LLP  
London**

**STATEMENT ON INTERNAL CONTROL**

**FOR THE YEAR 2003/2004**

Scope of Responsibility

Dartford Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Dartford also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control that facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. This also applies to the activities of the Joint Executive Committee

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them.

### The Internal Control Environment

#### Policy and decision making

The Joint Executive Committee has an established written Constitution that sets the framework for decision-making. Its decisions are reported back to constituent authorities for information/implementation as appropriate.

#### Establishing and monitoring the achievement of the Joint Executive Committee's objectives

The objectives of the Joint Executive Committee (JEC) are determined at its meetings and key targets are identified. The Executive Director monitors performance against these targets reporting to the JEC on a regular basis.

#### Ensuring compliance with established policies, procedures, laws and regulations

The Executive Director is responsible for ensuring that staff within his jurisdiction adhere to agreed rules and regulations. All such rules and regulations are determined by Dartford Borough Council and are published on the Council's intranet and duties are organised, wherever possible, so that one person acts as a check on another.

The Council's Internal Audit Section produces its audit plan on an assessment of risk. The activities of staff employed by the JEC are equally subject to scrutiny, although not specifically tested in 2003/04. External Audit has a statutory role and part of that is to examine financial aspects of corporate governance. This includes examining the legality of financial transactions and the systems of financial internal control.

### Corporate Governance and Risk Management

The Council has adopted a local Code of Corporate Governance, which also covers the activities of accountable bodies. The Code is reviewed each year and an annual assurance statement produced, which includes action points for the coming year.

### Ensuring Economic, Effective and Efficient Use of Resources

The Joint Executive Committee reviews its use of resources, receiving regular financial updates and reviewing service delivery against agreed priorities.

### Financial Management

Budget responsibility is assigned to the Executive. The budget is approved annually as are the cash limiting rules that set out the flexibility for virement of budgets.

The Council has approved Financial Regulations and these are reviewed each year and set the framework for the financial activities of the JEC. .

Financial information is sent to the Executive Director monthly. Regular budget monitoring reports are submitted to the JEC.

### Performance Management

The JEC produces a plan taking account of its own objectives determined by Member representatives from constituent authorities. These objectives are cascaded down the organisation through a service plan, from which individual targets are derived and linked to the appraisal system.

### Performance Monitoring

Key performance indicators and strategic targets are monitored regularly by the JEC.

## Review of Effectiveness of Internal Control

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of Internal Audit; Directors, who are responsible for the development and maintenance of the internal control environment, have regard to External Audit and other review agencies and inspectorates' comments.

(Signed).....

(Dated).....

Graham Harris, Treasurer

## **STATEMENT OF ACCOUNTING POLICIES**

### ACCOUNTING POLICIES

#### General

The accounts have been prepared, unless otherwise stated, in accordance with the revised Code of Practice on Local Authority Accounting and accompanying guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and other relevant accounting recommendations of CIPFA, so that the statement of accounts “presents fairly” the financial statements and transactions of the Committee.

## ACCRUALS OF INCOME AND EXPENDITURE

### Debtors and Creditors

The accounts of the Committee are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or from the Committee during the year are included whether or not the cash has actually been received or paid in the year.

### Employee Costs

The full cost of employees, including holiday pay, has been charged to the accounts for the period within which the employees worked.

## CONTINGENCIES

### Material Contingency

Where a material contingency has not been provided for in the accounts it will have been disclosed by way of a note to the relevant statement.

## EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

### Exceptional Items

Any exceptional items have been included in the revenue account.

### Extraordinary Items

Any extraordinary items are disclosed separately in the revenue account. They will be items that are not part of the ordinary activities of the committee.

### Prior Year Adjustments

Any prior year adjustments are accounted for separately in the year in which they are identified rather than by adjusting brought forward balances. This reflects the requirement to match all expenditure and income in the reporting period.

### Fixed Assets

The Committee does not hold any fixed assets.

## PENSION COSTS

### General Provisions

Dartford Borough Council, the accountable body to the JEC, has produced its own accounts in accordance with the full requirements of Financial Reporting

Standard 17. This requires the current cost of pension provision, as determined by professional actuaries, to be included in the net cost of services, instead of the employers contribution paid into the superannuation fund, reflecting the true and fair costs of pension provision in the year for the employees currently in post. The accounts for the JEC do not reflect this accounting treatment as future pension costs relating to S101 employees will be borne by the Kent Thameside Delivery Board therefore no appropriation to the pensions reserve is shown in the Revenue account. This is not FRS17 compliant.

Dartford's Balance Sheet also includes the Council's estimated net liability in respect of its share of the Kent County Council's superannuation scheme, offset by a pensions reserve. The analysis required to break down the JEC's share of this liability is not available, and has therefore not been included in this statement.

## PROVISIONS

### General provisions

In accordance with proper practice, the Committee sets aside provisions for specific future liabilities that are certain or very likely to be incurred but for which the amount due cannot yet be determined accurately. The Committee does not currently hold any provisions.

### Provisions for Uncollectable Amounts

Provision is made for bad and doubtful debts.

## RESERVES

### Maintaining Reserves

The Committee does not currently hold any general reserves.

## VALUE ADDED TAX

### VAT

VAT has been included in the income and expenditure accounts whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Treasurer  
Kent Thameside Joint Executive Committee

Date .....

## KENT THAMESIDE JOINT EXECUTIVE COMMITTEE

### REVENUE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2004

	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
Employees	235,002	188,248
Recruitment Costs	0	1,054
Training	0	720
Other Expenses	3865	2,460
Audit fee	750	750
Contribution to Green Grid Strategy	0	10,000
Contribution to Urban Programme	0	13,279
Net Expenditure	<u>239,617</u>	<u>216,511</u>
Contributions from constituent authorities	239,617	216,511
Deficit/surplus for the year	<u>0</u>	<u>0</u>

The Revenue Account above relates to discontinued operations (see Note 5 of Notes to the Accounts – page 15).

# KENT THAMESIDE JOINT EXECUTIVE COMMITTEE

## BALANCE SHEET AT 31 MARCH 2004

	Notes	2003/04 £	2002/03 £
Current Assets			
Debtors	3	78,091	25,846
Current Liabilities			
Creditors	4	<u>78,091</u>	<u>25,846</u>
		<u>0</u>	<u>0</u>

The Committee has no reserves.

## NOTES TO THE ACCOUNTS

### 1. Employee Remuneration

The total number of employees whose emoluments fell within the following ranges was:

	2003/04	2002/03
	Total	Total
	No.	No.
£70-80,000	1	0
£50-60,000	0	1
£40-50,000	1	1
Total	<u>2</u>	<u>2</u>

Remuneration includes all sums paid to or received by an employee and sums due by way of expenses allowance chargeable to income tax and the money value of any other benefits received other than in cash. Pension contributions are excluded.

### 2. Related Party Transactions

There were no related party transactions during the financial year.

### 3. Debtors

	2003/04	2002/03
Public bodies	<u>78,091</u>	<u>25,846</u>

### 4. Creditors

	2003/04	2002/03
Public bodies	77,341	25,096
Other	750	750
	<u>78,091</u>	<u>25,846</u>

### 5. Discontinued Operations

The Kent Thameside Joint Executive Committee ceased to exist on the 31 March 2004. On the 1 April 2004 all Committee assets and liabilities were transferred to the Kent Thameside Delivery Board. This is the new body created as a result of the Government's Communities Plan and is expected to be the primary body with responsibility for directing the overall strategy for regeneration across Kent Thameside.

## CASH FLOW STATEMENT

	<b>2003/04</b>	<b>2002/03</b>
	£	£
Revenue activities:		
<b>CASH OUTFLOWS</b>		
Cash paid to and on behalf of employees	182,757	188,245
Other operating cash payments	4,615	28,266
	<u>187,372</u>	<u>216,511</u>
<b>CASH INFLOWS</b>		
Contributions from constituent authorities	187,372	216,511
	<u>187,372</u>	<u>216,511</u>
Increase in cash and cash equivalents	<u>0</u>	<u>0</u>

## NOTE TO THE CASHFLOW STATEMENT

### Movement in cash and cash equivalents

	As at 31.3.2004	As at 1.4.2003	Movement
Cash balances	0	0	0