

**KENT THAMESIDE**

**JOINT EXECUTIVE COMMITTEE**

**STATEMENT OF ACCOUNTS 2002/2003**

# 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 2002 and 31 March 2003 by way of a Revenue Account (page 12) and its financial position at 31 March 2003 by way of a Balance Sheet (page 13). Details of the accounting principles used and other explanatory information are given on pages 9 to 11. The regulations also require a Statement on the System of Internal Financial Control. This is included on pages 7 and 8.

4. The Committee's accounts for the year 2002/2003 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 2003.

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.

## **AUDITOR'S REPORT** **TO KENT THAMESIDE JOINT EXECUTIVE COMMITTEE**

We have audited the statement of accounts on pages 7 to 15 which has been prepared in accordance with the accounting policies applicable to the Joint Executive Committee as set out on pages 9 to 11.

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 2002. 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 pages 7 and 8 reflects compliance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2002. 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 Committee'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 2003 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: .....

**STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL  
FOR THE YEAR 2002/03**

1. This statement is given on the financial statements of Dartford Borough Council and the statements for which the Council is the accountable body for the year 2002/03. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained.
2. The system of internal financial control can provide only reasonable, and not absolute, assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, standing orders, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. In particular the system includes:
  - robust budgeting
  - setting of targets to measure financial and other performance
  - monthly financial information to budget holders
  - regular budget monitoring reports to members and Directors indicating expenditure and income against forecasts
  - regular reviews of the content and timeliness of reports
  - clearly defined guidelines for capital expenditure
  - a comprehensive Finance Procedures Manual
  - adoption of a local code of corporate governance
4. The Council also operates a system of internal audit to provide an independent review of systems and procedures including internal financial control. The internal audit section reports directly to me and to the Audit and Standards Board. The Board receives copies of audit reports and monitors management action in response to those reports. The Head of Internal Audit liaises with the external auditor to ensure that their work is complimentary and all main financial systems are reviewed and significant risks identified.

5. My review of the effectiveness of the system of internal financial control is informed by:
- the systems and procedures adopted as noted in paragraph 3 above
  - the work of Directors and Managers within the Council
  - the work of the internal auditors described above; and
  - the external auditors in their annual letter and other reports.
6. In the coming year the Council will develop further its arrangements for the management of risk and this will enhance further the internal financial control in the authority.

(Signed).....

Graham Harris, Treasurer

(Dated).....

## **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

The pension costs that are charged to the Committee's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The Committee's contributions to the superannuation fund are based upon Government regulations for meeting pension fund liabilities. At present these do not require full funding of estimated pension liabilities but it is intended to increase the required contributions over a period to move towards a fully funded position. Thus, currently the Committee does not comply with the accounting requirements of SSAP 24, "Accounting for Pension Costs" and the liabilities included in the balance sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts for the period under SSAP 24 are disclosed in the accounts of Dartford Borough Council by way of a note to these accounts.

Also, a further disclosure note, as required under FRS 17, shows the estimated pensions liabilities and assets of Dartford Borough Council, held within the Kent County Council Scheme, which includes those attributable to the Committee's employees.

## 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 maintains general reserves which represent balances set aside for purposes such as contingencies and cash flow management.

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 2003**

	<b>2002/03</b>	<b>2001/02</b>
	<b>£</b>	<b>£</b>
Employees	188,248	75,703
Recruitment Costs	1,054	48,142
Training	720	615
Other Expenses	2,460	2,131
Audit fee	750	750
Contribution to Green Grid Strategy	10,000	0
Contribution to Urban Programme	13,279	0
Net Expenditure	<u>216,511</u>	<u>127,341</u>
Contributions from constituent authorities	216,511	127,341
Deficit/surplus for the year	<u>0</u>	<u>0</u>

**KENT THAMESIDE JOINT EXECUTIVE COMMITTEE**

**BALANCE SHEET AT 31 MARCH 2003**

	<b>Notes</b>	<b>2002/03</b>	<b>2001/02</b>
		<b>£</b>	<b>£</b>
Current Assets			
Debtors	3	25,846	86,140
Current Liabilities			
Creditors	4	25,846	86,140
		<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:

	2002/03	2001/02
	Total	Total
	No.	No.
£50-60,000	1	0
£40-50,000	1	1
Total	<u>2</u>	<u>1</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

	2002/03	2001/02
Public bodies	<u>25,846</u>	<u>86,140</u>

### 4. Creditors

	2002/03	2001/02
Public bodies	25,096	85,390
Other	750	750
	<u>25,846</u>	<u>86,140</u>

## CASH FLOW STATEMENT

	<b>2002/03</b>	<b>2001/02</b>
	£	£
Revenue activities:		
<b>CASH OUTFLOWS</b>		
Cash paid to and on behalf of employees	188,245	75,703
Other operating cash payments	28,266	51,638
	<u>216,511</u>	<u>127,341</u>
<b>CASH INFLOWS</b>		
Contributions from constituent authorities	216,511	127,341
	<u>0</u>	<u>0</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 31.3.2003	As at 1.4.2002	Movement
Cash balances	0	0	0