

**LGSS LAW LTD Law Ltd Statement of Accounts Update**

**To:** LGSS Law Ltd Joint Committee

**Date:** 1<sup>st</sup> June 2017

**From:** LGSS Law Ltd

**Purpose:** To update the Joint Committee on the progress of the 2016-17 LGSS Law Ltd Statement of Accounts

**Recommendation:** That the Joint Committee note and comment on the report.

**1. Background**

- 1.1 Each year LGSS Law Ltd is required to produce an Annual Report which includes a set of Financial Statements. The statements are prepared in accordance with Financial Reporting Standard (FRS) 102 and contain a full set of Accounts, and summary reports of the pension fund assets and liabilities at the year end.
- 1.2 The company has a considerable level of transactions relating to all its shareholders and also to LGSS. In order for the shareholders to close their accounts these transactions and the closing balances relating to these transactions have to be agreed between all parties.
- 1.3 Ensors have been appointed to audit the accounts of LGSS Law Ltd.
- 1.4 The LGSS Law Ltd accounts are being produced to the timetable set out below:

Draft accounts prepared	<b>15th May 2017</b>
Audit Fieldwork to start	<b>15th May 2017</b>
Tax computation & Review	<b>June 2017</b>
Ensors Partner Review	<b>June 2017</b>
Completion of audit including review of feedback	<b>End June 2017</b>
Final Accounts completed & sign off	<b>26<sup>th</sup> July 2017</b>
LGSS Law Ltd AGM	<b>27<sup>th</sup> July 2017</b>

## Key Changes from Last Year

- 1.5 The 2016-17 LGSS Law Ltd Accounts cover the financial year to 31st March 2017, and for the first time include Central Bedfordshire Council, which became a shareholder of the company on 1st April 2016.
- 1.6 The LGSS Law Ltd Accounts are prepared using the Financial Reporting Standard (FRS) 102 and there are no significant changes to the standard for this year end.

## 2. Recommendations & Progress

- 2.1 As part of KPMG's role in issuing an opinion on the 2015-16 LGSS Law Ltd accounts the auditors produced a report on the Statement of Accounts. This report made comments and recommendations and progress for each item is summarised below:

Issue	Financial reporting process
Recommendations	The company should undertake a review of the financial reporting process for 2015-16 and incorporate lessons for the 2016-17 financial year.
Original response	A full review will be undertaken of the 2015-16 financial reporting process. The LGSS Law Practice Manager (Finance) will engage with the Head of Business Planning & Finance and the Integrated closedown team.
Updated position	This has been completed and the issues of last year have not been repeated.
Issue	Tax Considerations for the company
Recommendation	The company should ensure they regularly consider relevant tax risks to the company to ensure they continue to maintain compliance and have a supporting trail to support their decisions in case of HMRC investigation.
Original Response	Tax planning advice was taken and although there was no formal documentation, the risks were considered and mitigation put in place. At the same time issues such as Tekal were considered. More formal tax planning will take place in future years as the company grows.
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Original Response	Tax planning advice was taken and although there was no formal documentation, the risks were considered and mitigation put in place. At the same time issues such as Tekal were considered. More formal tax planning will take place in future years as the company grows.
Updated Position	This is ongoing.
<b>Issue</b>	<b>Audit Working Papers</b>
Recommendation	The company should ensure that a second finance team member should review the working papers to ensure their accuracy and that they can be clearly followed to the financial system.
Original Response	The LGSS Law Practice Manager (Finance) will engage with the Head of Business Planning & Finance and the Integrated closedown team.
Updated Position	This has taken place and is ongoing.
<b>Issue</b>	<b>Accuracy of Payroll recognition</b>
Recommendation	The company should undertake a monthly reconciliation of the employee payroll data and the information journalled in to the ledger.
Original Response	The company has been working closely with the payroll department to increase the frequency and accuracy of the information provided and this work will continue.
Updated Position	The information flow is now frequent and accurate and posted regularly.
<b>Issue</b>	<b>Approval of Accounting Policies</b>
Recommendation	The Board should approve the company's accounting policies annually, including any changes made to the accounting policies or judgements.
Original Response	Agreed.
Updated Position	The Board approved the policies for 2016-17 year end on 8 <sup>th</sup>

	March 2017.
<b>Issue</b>	<b>Services provided by shareholders</b>
Recommendation	The Company should put in place signed Service Level Agreements between the company and the authorities that states the level and quality of service expected and also the price to be paid by LGSS Law.
Original Response	The company has in place formal lease arrangements regarding its office space. The company also has a number of written SLA's in place for the provision of services by the owner authorities and these contain information regarding costs. LGSS Finance are working together to ensure that Service level agreements are in place in respect of all services.
Updated Position	A Service Level agreement is now in place

### 3 Recommendations

- 3.1 There are no specific recommendations arising from this report other than for the Joint Committee to note and comment on the content of the report.