
Audit and Governance Committee

28 September 2016

Report of the Director of Customer & Business Support Services

Annual Financial Report - Statement of Accounts 2015/16

Summary

1. This report presents a final set of accounts for 2015/16 to reflect changes made since the draft pre-audit accounts were presented to this committee on 27 July 2016.

Background and Analysis

2. The International Standard on Auditing (ISA) 260 requires the Council's External Auditor to report to those charged with governance any issues arising from the audit of the financial statements. It is also a statutory requirement that the Council approves the final statement of accounts after the audit and by 30th September each year.
3. The accounts attached at Annex A have been revised since the unaudited version was reported to the Audit & Governance Committee meeting in July 2016. A number of minor amendments have been made to the text and supporting information, mostly to try and improve the information contained within the accounts. There have been no changes to any of the core statements. All the changes made have been highlighted in the accounts attached at Annex A.
4. It should be noted that these changes have no affect on the outturn position of the council as all the changes made are minor clarifications and accounting adjustments to ensure the accounts present a true and fair view.
5. The details of the changes made are included in section 5 of the Audit Completion Report. The 2015/16 audit is now substantially complete, and Mazars summarise their review of the accounts in their Audit Completion Report which is presented separately on the agenda for this meeting.

6. The accounts were available for public inspection between the 1st July and 11th August. There were a high number of queries from several residents with over 100 invoices and approximately 10 contracts provided to residents during this period, along with numerous transaction listing reports direct from the finance system. This had a significant impact on the workload of the finance team.
7. There has been an objection to the accounts by a local elector. The objection raises a number of issues, from which two specific areas relating to the procurement of services are being considered further by Mazars. The expenditure to which the objection relates is less than £100k, well below the materiality level of £7.4m, and therefore, regardless of the final determination of the auditors, will not result in any changes to the accounts presented at Annex A to this report.
8. The Audit Completion Report highlights the auditor's view that the Council has made proper arrangements to secure economy, efficiency and effectiveness in our use of resources. Both the final accounts and the Value for Money assessment will be signed off without qualification.
9. Only one issue has been brought to your attention, regarding the valuation of council housing, and the audit has concluded that all other matters are satisfactory.
10. The Value for Money assessment specifically mentions the good progress made by the Council in addressing the major challenges to date. It highlights the good progress made in addressing the financial challenges from public sector austerity, noting that financial reporting is used to deliver strategic objectives and again mentions our proven track record of strong budget management and delivering planned budget reductions. They found that the Council has noticeably improved reporting, and is identified as using good practice, on programme and project management and governance processes.
11. The Audit Completion Report goes on to state that the Annual Governance Statement includes a balanced assessment of the effectiveness of the Council's governance arrangements, notes that the Council has a risk management strategy in place and that key corporate risks are monitored quarterly by Audit and Governance Committee. It also highlights how the Council seeks to make best

use of its assets and that whilst there are variations within and between services, overall the Council compares favourably with authorities in our comparator group.

12. The annual production of the accounts is the subject of continuous review and, as usual, areas for improvement will be identified as a result of any issues identified this year. Any subsequent items identified in the last few days of the audit work will be reported verbally at the meeting.
13. The areas identified in 2015/16 will form the basis of a structured improvement programme in the build up to the production of next years accounts which will focus on:
 - (i) continued effective project planning to ensure deadlines are achieved, in particular planning for an earlier closedown in 2017/18
 - (ii) improving the accessibility and quality of information provided to residents during the public inspection period
 - (iii) working with the property team to consider options for increasing the accuracy of desktop valuations carried out in intervening years.

Consultation

14. The content of the report of the external auditor has been discussed with the relevant responsible officers. It is reported here for due consultation with those members charged with governance at the council.

Options

15. Not applicable.

Corporate Priorities

16. The Annual Financial Report provides a technical financial summary of the activities of the council and assists in providing the Council with a viable financial position on which to base future budget projections, as well as contributing to the overall effectiveness of the Council's governance and assurance arrangements.

Implications

17. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

Risk Management

18. Areas of risk identified throughout the annual accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met.
19. The Council will fail to comply with legislative and best practice requirements to provide for a proper audit of the Council if it does not consider this report or approve and sign the Annual Financial Report.

Recommendations

20. Members are asked to
 - (a) Note the matters set out in the Audit Completion Report presented by the external auditor

Reason
To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.
 - (b) Approve the amended Annual Financial Report at Annex A for signature by the chair from a resolution of this Committee in accordance with the Accounts and Audit Regulations 2015.
 - (c) Approve the letter of representation for signature by the Director of CBSS as included in the Audit Completion Report

Reason
To ensure compliance with the International Auditing Standards and any relevant legislative requirements.

Author:	Chief Officer responsible for the report:			
Debbie Mitchell Finance & Procurement Manager Ext 4161	Ian Floyd Director of Customer & Business Support Services			
Emma Audrain Technical Accountant 01904 551170	Report Approved	√	Date	20.09.16
Wards Affected: All				
For further information please contact the author of the report				

Background Papers:

Audit & Governance Committee 27 July 2016 – Pre Audit Statement of Accounts 2015/16

Annex:

Annex A Final Statement of Accounts 2015/16