

BODY: **AUDIT AND GOVERNANCE COMMITTEE**
DATE: **21 September 2016**
SUBJECT: **Statement of Accounts 15/16**
REPORT OF: **Financial Services Manager**

Ward(s): All

Purpose: To agree the audited accounts for 2015/16 under powers delegated by the Council.

Decision Type Key decision

Contact: Pauline Adams, Financial Services Manager.
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Recommendations: Members are asked to -

- i) Approve the final audited accounts for 2015/16.
- ii) Agree the action taken in respect of unadjusted audit differences identified by External Audit.
- iii) Note the comments on the significant deficiencies in the Control Environment
- iv) Agree delegated authority to the Chief Finance Officer to make amendments to the Statement of Accounts.

1.0 Introduction

1.1 The Accounts and Audit Regulations 2015, the Audit Commission Act 1998, the Code of Audit Practice (issued by the Audit Commission) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code) set out the requirements for the production and publication of the annual Statement of Accounts.

1.2 The regulations require that an appropriate body should approve the audited Statement of Accounts after they have been certified by the Chief Financial Officer within six months of the financial year end i.e. by 30 September.

2.0 Audit of Accounts

2.1 BDO has now issued the draft ISA260 Annual Governance Report which is included as a separate report to this committee.

2.2 BDO has indicated that subject to satisfactory completion of the outstanding work it is anticipated that an unqualified audit opinion on both this Council's accounting statements and the group accounting statements will be issued. The opinion is expected to be given before the statutory deadline of 30 September.

3.0 Key issues arising from the audit.

3.1 A full list of all the corrected and uncorrected audit differences is given in the body and at appendix II of BDO's Report.

3.2 Members are asked to confirm the following actions in relation to the unadjusted audit differences:

1. Impact of brought forward misstatements relating to the revaluation increase calculated in prior year of £61k. This was the estimated difference in valuation of Council Dwellings as the compound effect of increases was not applied. The net book value of Council Dwellings is £143m. This has no effect on the final outturn.
2. Incorrect recognition of expenditure accrual in regard to an IT invoice under dispute. An accrual of £98,005 was raised based on best knowledge available as at 31.3.16, the final agreed invoice of £45,591.67 was not received until August and resulted in a difference of £52,413.33. Due to the timing of the final invoice the accounts were not amended and this amount is considered to be immaterial.
3. Under accrual for non-domestic appeals provision – (£44k) and an over accrual for the impairment for bad debts - £44k – errors were made on the two spreadsheets used to do these calculations. As these are not factual errors as they are a matter of judgement and net off to zero no action has been taken. .

3.3 The following two issues have been raised as having significant deficiencies in the Control Environment, both of which were identified by internal audit:

1. Errors relating to empty property exemptions applied to Council tax bills – These are historical errors and new processes have been introduced.
2. Recovery of housing benefit overpayments – Additional checks and new process have been introduced.

Full details of the observations, implications, recommendations and management response is given at appendix III of BDO's

annual governance report.

4.0 Conclusions

4.1 The 2015/16 Statement of Accounts has been amended since presented to the June meeting of this committee. The changes have been of an accounting technical nature and have had no effect on the overall balances of the Council.

4.2 An unqualified audit opinion is expected to be issued by 30 September by BDO.

Background Papers:

The Background Papers used in compiling this report were as follows:

Final Accounts working papers 2015/16
BDO Annual Governance Report 2015/16
