

# Bath & North East Somerset Council

MEETING:	<b>Corporate Audit Committee</b>
MEETING DATE:	<b>23<sup>rd</sup> September 2013</b>
TITLE:	<b>Governance Reports for Council and Avon Pension Fund, and Audited Statement of Accounts 2012/13</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> <b>Appendix 1</b> – Governance Report for Bath & North East Somerset Council <b>Appendix 2</b> – Governance Report for Avon Pension Fund <b>Appendix 3</b> – Bath & North East Somerset Council Audited Statement of Accounts 2012/13	

## 1 THE ISSUE

1.1 The Annual Governance Report summarises the results of Grant Thornton's audit of the 2012/13 accounts. It includes the issues arising from the audit of the financial statements, and those issues which they are formally required to report to you under the Audit Commission's Code of Practice and International Standard of Auditing (UK & Ireland) – 'Communication of audit matters with those charged with governance'.

## 2 RECOMMENDATION

The Corporate Audit Committee agrees that:

2.1 the issues contained within the Annual Governance Reports for the Council and Avon Pension Fund, is noted

2.2 the audited Statement of Accounts for Bath & North East Somerset Council for 2012/13 is approved.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The Council's Statement of Accounts sets out the Income and Expenditure for the 2012/13 financial year, together with the Balance Sheet and all related supporting information.

### **4 THE REPORT**

#### **Council's Accounts & Financial Resilience**

- 4.1 The foreword to the Statement of Accounts gives an overview of the financial position as set out in the accounts in the detailed statements and notes.
- 4.2 The work carried out by Grant Thornton as part of the audit of the financial statements has resulted in a number of corrections to the Balance Sheet and Comprehensive Income & Expenditure Statement, mainly in relation to the reconciliations between the Council's asset registers. None of these amendments adjust the total net expenditure or total usable reserves. Further work will be undertaken during 2013/14 to review the Council's asset register arrangements.
- 4.3 The audit has also identified some accounting entries where the workings will need to be reviewed as part of the 2013/14 closedown process.
- 4.4 Also included within the accounts is the Annual Governance Statement which was previously reviewed by the Audit Committee in May.
- 4.5 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Council's 2012/13 Financial Statements.
- 4.6 As part of Grant Thornton's audit approach, they have included a review of the Council's arrangements for securing financial resilience, which is included as a separate item on the agenda for this meeting. This presents an overview of the Council's financial performance, planning, governance and control. The high level risk assessment provided by the auditor indicates a sound basis across all of the areas examined.

#### **Avon Pension Fund's Accounts**

- 4.7 There have been some changes to the Pension Fund accounts that were presented to the Pensions Committee in June. The main changes are:
- i) Net Asset Statement and Note 14. Current Liabilities have increased by £1.3m. The creditor of £1.3m owed to HMRC in regards to the PAYE on the March 2013 Pensions Payroll was previously omitted. This error was discovered by the external auditors. A note regarding a similar error in 2011/12 has been added.
  - ii) Note 2 Membership. The Membership for 2012/13 has been increased by 149 and for 2011/12 by 138 following the discovery that Councillor members had been omitted in error. An additional note has been added with regard to ex-members who are due refunds of contributions.
  - iii) Note 8, the Audit Fee originally stated as £19k has been restated as £29k following the discovery of an error.

iv) Note 24, the figures for Receivables and Financial Assets at fair value through profit or loss have been adjusted and some additional explanation added.

v) Note 25 d, Fair Value Hierarchy. In the table as at 31<sup>st</sup> March 2013 the figure for Pooled Investment Vehicles has been reduced by £7,386k and the figure for Equities – Quoted has been increased by £7,386k. This follows the re-definition of certain investments.

4.8 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Pension Fund's 2012/13 Financial Statements.

## 5 RISK MANAGEMENT

5.1 The Council's on-going financial position is an identified risk that is regularly monitored.

## 6 EQUALITIES

6.1 This report provides information about the financial performance of the Council and therefore no specific equalities impact assessment has been carried out on the report.

## 7 CONSULTATION

7.1 Consultation has been carried out with the Section 151 Finance Officer.

7.2 Consultation was carried out in meetings and via e-mail.

## 8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 This report deals with issues of a corporate nature.

## 9 ADVICE SOUGHT

9.1 The Council's Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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<b>Sponsoring Cabinet Member</b>	<i>Councillor David Bellotti</i>
<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	