

Bath & North East Somerset Council	
MEETING:	Corporate Audit Committee
MEETING DATE:	27th September 2016
TITLE:	Governance Reports for Council and Avon Pension Fund, and Audited Statement of Accounts 2015/16
WARD:	All
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Audit Findings Report for B&NES Council</p> <p>Appendix 2 – Audit Findings Report for Avon Pension Fund</p> <p>Appendix 3 – B&NES Council Audited Statement of Accounts 2015/16</p> <p>Appendix 4 – B&NES Council Letter of Representation</p>	

1 THE ISSUE

- 1.1 The Audit Findings Report summarises the results of Grant Thornton’s audit of the 2015/16 Accounts for the Council and Avon Pension Fund. 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 Audit Findings Reports for the Council and Avon Pension Fund are noted
- 2.2 The Audited Statement of Accounts including the Letter of Representation for Bath & North East Somerset Council for 2015/16 is approved.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The Council's Statement of Accounts sets out the Income and Expenditure for the 2015/16 financial year, together with the Balance Sheet and all related supporting information.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Statutory Statement of Accounts have been produced in accordance with the CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards.
- 4.2 The Accounts and Audit Regulations 2015 require that the Statement of Accounts shall be approved by a resolution of a Committee of the relevant body and that following approval, the Statement of Accounts be signed and dated by the person presiding at the Committee.

5 THE REPORT

Council's Accounts

- 5.1 The Narrative Report to the Statement of Accounts gives an overview of the financial position as set out in the accounts in the detailed statements and notes.
- 5.2 The work carried out by Grant Thornton as part of the audit of the financial statements has identified that further valuation gains on the Council's Fixed Assets (Investment Properties £13.9m and Other Land and Buildings £8.2m), due to in year index movement since the date of the formal valuation, were omitted from the Draft Accounts. These additional gains led to amendments in the Balance Sheet and Comprehensive Income & Expenditure Statement. This adjustment did not result in any change to either the total net expenditure or to the total usable reserves.
- 5.3 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Council's 2015/16 Financial Statements and its findings and recommendations will be discussed at the committee. At the time of writing this report the Audit Findings report had not yet been finalised but will be issued as soon as it is available and discussed in full at the meeting.

Avon Pension Fund's Accounts

- 5.4 There have been no changes to the Avon Pension Fund accounts that were presented to the Pensions Committee in June. The final accounts will be presented to the Pensions Committee on Friday 24th September 2016.
- 5.5 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Pension Fund's 2015/16 Financial Statements.

Annual Governance Statement

- 5.6 The Annual Governance Statement forms part of the Annual Accounts and the process for its completion has previously been reported to the Committee. The Council's senior management team have considered the results of the review and

recommended that one significant issue should be included around the scale of the financial challenge.

5.7 Whilst no significant governance failures have occurred, the Council acknowledge that the level of grant reductions from central government are a significant issue and represent a real challenge in being able to continue to deliver excellent services to the whole community at all times.

5.8 The Cabinet and Senior Management have been actively engaged in tackling this challenge and the mitigating actions lay out some of the key mechanisms we are using to help us do this. Whilst we are well placed to meet the challenge, we recognise its scale with difficult decisions needed to balance the budget and maintain service delivery. Therefore we will need the support of the whole of the governance framework to deliver on this effectively.

6 RATIONALE

6.1 The report is presented as part of the reporting of financial management and budgetary control required by the Council.

7 OTHER OPTIONS CONSIDERED

7.1 None, this is a statutory process.

8 CONSULTATION

8.1 Consultation has been carried out with the Chief Finance Officer and Senior Management Team with respect to the Annual Governance Statement.

8.2 Consultation was carried out at meetings and via e-mail.

9 RISK MANAGEMENT

9.1 The Council's on-going financial position is an identified risk that is regularly monitored through regular reports to Council, Executive and Scrutiny functions.

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Background papers	<i>None</i>
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