

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>Corporate Audit Committee</b>
MEETING DATE:	<b>12<sup>th</sup> September 2017</b>
TITLE:	<b>Governance Reports for Council and Avon Pension Fund, and Audited Statement of Accounts 2016/17</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<p><b>List of attachments to this report:</b></p> <p><b>Appendix 1</b> – Audit Findings Report for Bath &amp; North East Somerset Council</p> <p><b>Appendix 2</b> – Audit Findings Report for Avon Pension Fund</p> <p><b>Appendix 3</b> – Bath &amp; North East Somerset Council Audited Statement of Accounts 2016/17</p> <p><b>Appendix 4</b> – Bath &amp; North East Somerset Council Letter of Representation</p> <p><b>Appendix 5</b> – Avon Pension Fund Letter of Representation 2016/17</p>	

## **1 THE ISSUE**

- 1.1 The Audit Findings Report summarises the results of Grant Thornton's audit of the 2016/17 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 Audit Findings Reports for the Council and Avon Pension Fund are noted
- 2.2 The audited Statement of Accounts, including the Annual Governance Statement and Letter of Representations for Bath & North East Somerset Council and the Avon Pension Fund for 2016/17, are approved.

### **3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 3.1 The Council's Statement of Accounts sets out the Income and Expenditure for the 2016/17 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 resulted in a number of amendments to the Disclosure Notes accompanying the Financial Statements, none of which adjusted the total net expenditure or total usable reserves.
- 5.3 The 2016/17 draft statement of accounts was produced and certified for issue by 30<sup>th</sup> May 2017, which was within two months of the end of the year, and one month earlier than the previous year. This achievement would meet the forthcoming Accounts & Audit Regulations (England) requirement that the 2017/18 draft accounts be issued by 31<sup>st</sup> May 2018.
- 5.4 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Council's 2016/17 Financial Statements.

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

- 5.5 There have been some changes to the Avon Pension Fund accounts that were presented to the Pensions Committee in June, but only of a disclosure nature and do not affect the net assets or fund account position. The final accounts will be presented to the Pensions Committee on Friday 22nd September 2017
- 5.6 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Pension Fund's 2016/17 Financial Statements.

#### **Annual Governance Statement**

- 5.7 The Annual Governance Statement forms part of the Annual Accounts and the process for its completion and an update on potential issues has previously been reported to the Committee.

- 5.8 Whilst no significant governance failures have occurred, the Council again 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.
- 5.9 This challenge was recognised in the statement last year as a significant issue and despite achieving very high levels of savings the Council's financial outturn for 2016/17 detailed a £2.2M overall overspend at year end, primarily as a result of severe cost pressures in Social Care.
- 5.10 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

## **8 CONSULTATION**

- 8.1 Consultation has been carried out with the Chief Finance Officer.
- 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.

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<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>	