

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee
MEETING DATE:	30th July 2018
TITLE:	Governance Reports for Council and Avon Pension Fund, and Audited Statement of Accounts 2017/18
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Audit Findings Report for Bath & North East Somerset Council Appendix 2 – Audit Findings Report for Avon Pension Fund (To Follow) Appendix 3 – Bath & North East Somerset Council Audited Statement of Accounts 2017/18 Appendix 4 – Bath & North East Somerset Council Letter of Representation 2017/18 Appendix 5 – Avon Pension Fund Letter of Representation 2017/18	

1 THE ISSUE

- 1.1 The Audit Findings Report summarises the results of Grant Thornton’s audit of the 2017/18 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’.
- 1.2 The Annual Governance Statement (AGS) is required by the Accounts and Audit Regulations 2015 to be published with the Council’s Statement of Accounts and to be formally approved and signed by the Leader of the Council and the Chief Executive. The AGS for 2017/18 has been completed in accordance with the framework previously agreed by the Corporate Audit Committee. There is one significant issue identified this year and the Statement continues to reflect the current position at July 2018.

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 2017/18, is approved.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

3.1 The Council's Statement of Accounts sets out the Income and Expenditure for the 2017/18 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.

4.3 The preparation and publication of an Annual Governance Statement is in accordance with the "Delivering Good Governance in Local Government" framework introduced by CIPFA SOLACE during 2007, and updated in 2016. The Statement explains how Bath & North East Somerset Council has complied with the Local Code of Corporate Governance which arises from the CIPFA framework and also meets the requirements of the Accounts and Audit (England) Regulations 2015, specifically Regulation 4 (2) in respect of the annual review of the effectiveness of its system of internal control and Regulation 4 (3) in respect of the preparation and publication of an Annual Governance Statement.

These regulations require authorities to "conduct a review at least once a year of the effectiveness of its system of internal control" and to prepare a statement on internal control "in accordance with proper practices". Regulation 4 requires the findings of the review of the system of internal control to be considered by a Committee of the relevant body, or by its members of the body meeting as a whole. At Bath & North East Somerset Council, this function is the responsibility of the Corporate Audit 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 agreed changes relating to the property, plant and equipment valuations and a number of amendments to the Disclosure Notes accompanying the Financial Statements, none of which adjusted the total net Cost of Services or total usable reserves.

5.3 The 2017/18 draft statement of accounts was produced and certified for issue by 30th May 2018, which was within two months of the end of the year. This achievement met the Accounts & Audit Regulation 2015 publication requirement, which reduced the timescale from the three months given in previous years.

5.4 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Council's 2017/18 Financial Statements.

Avon Pension Fund's Accounts

5.5 There have been some minor 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. *[Note: This paragraph is subject to receipt of final Pension Fund Accounts Audit Findings report which is due shortly after final dispatch deadline for this report. A verbal update will be given at the meeting if required]*

5.6 Grant Thornton are proposing to issue an audit report including an unqualified audit opinion on the Pension Fund's 2017/18 Financial Statements.

Annual Governance Statement

5.7 In accordance with the framework agreed by the Corporate Audit Committee, the Head of Audit West has led on the collation and co-ordination of information relating to the preparation of the draft Statement and gathering of evidence to support any statement made within the Statement. The Council's final Annual Governance Statement has been published within the Statement of Accounts and is a declaration of assurance, its aim is to report the extent to which the Council has in place reliable controls that will safeguard its resources and ensure that these are being used to meet priorities and service objectives agreed by Members.

5.8 No new significant governance failures or control issues have been identified during this year which satisfy the recommended criteria. However it is felt that the scale of the financial challenge which has faced the local government sector over recent years, and will continue to do so for the immediate future, merited specific inclusion as an issue. This is due to the impact that this challenge has had over all Council activities and the severe pressure on Council budgets, especially in Children's Services and Adult Social Care that continues to be felt into this current year. The Statement sets out in more detail the high level actions that the Council is taking to continue to tackle this significant issue.

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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Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	