**Title:** Approval of the Statement of Accounts 2015/16

**Report of the Strategic Director, Finance & Investment**

<table>
<thead>
<tr>
<th>Open Report</th>
<th>For Decision: Yes</th>
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<tr>
<td>Wards Affected: None</td>
<td>Key Decision: No</td>
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**Accountable Director:** Jonathan Bunt, Strategic Director, Finance & Investment

**Summary:**

The Council's draft accounts were approved by the Strategic Director, Finance & Investment in June 2016 and have been subjected to detailed audit by our external auditors, KPMG. Whilst the audit has yet to be completed, as at the date of preparing this report (12 September 2016), KPMG are proposing to issue an unqualified audit opinion for the Statement of Accounts, including the Pension Fund.

In accordance with the Accounts and Audit Regulations 2015, the accounts are now being presented to this Committee for their consideration and review prior to publication by 30 September 2016.

**Recommendation(s):**

The Public Accounts and Audit Select Committee is recommended to:

1. Review and approve the Statement of Accounts for the year ended 31 March 2016;

2. In order to comply with the Council's statutory obligations, confirm that the Statement of Accounts for the year ended 31 March 2016 can be published by 30 September 2016 and authorise the Strategic Director, Finance & Investment in liaison with the Lead Member to make any changes to the accounts that may be agreed with KPMG.

**Reason(s)**

It is a statutory obligation for the Council’s Statement of Accounts to be produced and audited in accordance with the timetable as set out in the Audit and Accounts Regulations 2015.

**1. Background**

1.1 The publication of the Statement of Accounts is governed by the
requirements of the Accounts and Audit Regulations 2015. These require the Statement of Accounts to be certified by the Council’s Section 151 officer (Strategic Director, Finance & Investment) as presenting a true and fair view of the financial position of the Council by the 30 June of each year. The accounts must then be submitted for external audit in order to publish audited accounts by no later than the 30 September of the same year.

2 Audit of Accounts

2.1 Following certification by the Strategic Director, Finance & Investment in June 2016 the accounts have been subject to detailed and rigorous review by the Council’s external auditors, KPMG. The audit report is still being finalised, but our understanding is KPMG are planning to issue an unqualified opinion. A verbal update will be given at this meeting and KPMG will also present their External Audit Report (ISA 260) on the Accounts and Pension Fund (see agenda item 6).

2.2 In compliance with the Accounts and Audit regulations, the Accounts were made available for public inspection for 20 days during the audit. This period concluded on 29 July 2016, from when, until the conclusion of the audit, electors or their representatives were able to question or raise objections with the external auditor. During this period no members of the public raised queries about the accounts. And no questions or objections have been received by KPMG.

2.3 During the audit of the main statements, there has been only one audit adjustment. This was a misclassification error resulting in a movement of £1.9m Finance Lease liability from Long Term to Short Term. The accounts have been amended to reflect this agreed adjustment. There is no net impact on the statements and it does not affect the outturn position reported to Cabinet in June 2016. The amended accounts are included as Appendix 1.

2.4 There are a small number of adjustments made to the notes to the accounts. They relate mainly to presentational issues and will ensure that the Council complies with technical accounting regulations, specifically CIPFA’s Code of Practice on Local Authority Accounting. At the time of writing this report, all adjustments have been agreed with the auditors. Given the audit is still on-going, the Committee is recommended to delegate responsibility for finalising the accounts to the Strategic Director, Finance & Investment in liaison with the Lead member in order to meet 30 September statutory deadline.

2.5 KPMG will provide the committee with their findings in a separate report setting out the key issues identified during the course of the audit. Management’s responses to any recommendations that the report may have will be given at the meeting.
Pension Fund

No adjustments have been made to the Pension Fund accounts.

Value for Money Conclusion

It has been concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. KPMG anticipate issuing an unqualified VFM conclusion by 30 September 2016.

Annual Governance Statement

The Council’s duty in respect of the Annual Governance Statement (AGS) is to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control. This has been done and the statement, which has been signed by the Leader of the Council and Chief Executive, is included as a separate section within the statement of accounts (page 128). The auditors have reviewed the statement and confirmed that it complies with the guidance, Delivering Good Governance in Local Government: A Framework, issued by CIPFA/SOLACE.

Management Representation Letter

It is a requirement of external audit that the Section 151 Officer signs a letter of representation confirming that he has the responsibility for the proper administration of the financial affairs of the authority and that the duties that this entails have been undertaken. The draft letter will be signed nearer to the date of approval of the accounts.

Publication of the Statement of Accounts

If the recommendation to approve the Accounts is agreed by this committee, KPMG will be able to provide their formal opinion on the accounts and formally conclude the audit. The accounts will then be placed on the Council’s website.

Financial implications

These have been addressed in the body of the report.

Legal Implications

The Audit Commission Act 1998 requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit (England) Regulations 2015. Regulation 9 sets out a timetable and requires certification by the Council’s responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution. This report is prepared in
compliance with that obligation.

10. Appendix

1- Draft Statement of Accounts 2015/16