

<b>Audit Committee</b>	
<b>Meeting Date</b>	<b>14 September 2016</b>
<b>Report Title</b>	<b>Annual Financial Report 2015/2016 and Audit Findings Report</b>
<b>Cabinet Member</b>	<b>Cabinet Member for Finance &amp; Performance: Cllr Duncan Dewar-Whalley</b>
<b>SMT Lead</b>	<b>Nick Vickers, Head of Finance</b>
<b>Head of Service</b>	<b>Nick Vickers, Head of Finance</b>
<b>Lead Officer</b>	<b>Phil Wilson, Chief Accountant</b>

<b>Recommendations</b>	<p>Members are asked to :</p> <ol style="list-style-type: none"> <li>1. note the external auditor's Audit Findings Report (Appendix I);</li> <li>2. approve the letter of representation (Appendix II) on behalf of the Council;</li> <li>3. approve the Statement of Accounts for the year ended 31 March 2016 (Appendix III).</li> </ol>
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## **1. Purpose of Report and Executive Summary**

- 1.1 This report seeks the Audit Committee's approval of the Council's financial statements for 2015/16 and includes the external auditor's Audit Findings Report for their consideration.

## **2. Background**

### Audit Findings Report

- 2.1 Grant Thornton UK LLP has been the Council's external auditors since 1 September 2012. Their audit of the financial statements began on 4 July 2016.
- 2.2 The Audit Findings Report highlights the key matters arising from the audit of the Council's financial statements for the year ended 31 March 2016. It is also used to report the audit findings to management and those charged with governance. Grant Thornton are required to report whether the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared. They are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure value for money.
- 2.3 The Audit Findings Report is attached as appendix I. Grant Thornton will present this report to the Committee on 14 September.

- 2.4 The Audit Findings Report for the 2014/15 Accounts included the following recommendation: "Review the treatment of amounts relating to council tax support within the calculation of the bad debt provision for council tax arrears." The Council's response was to review our procedures for the calculation of this item for the 2015/16 accounts.
- 2.5 In response, the whole approach taken to calculate the bad debt provision for council tax was revised for the 2015/16 accounts. The calculation is now based on the debt being analysed by age and their recovery stage (e.g. bailiffs, attachment to earnings, etc), with a different assumption for bad debt being applied to each one. This has resulted in a more straightforward calculation following clearly identified assumptions on bad debt. The resulting bad debt provision for council tax can be seen as note 51 in the 2015/16 Accounts and the approach was reviewed and approved by Grant Thornton during their audit of the accounts.

#### Financial Statements 2015/16

- 2.6 The financial statements for 2015/16 are attached as appendix III. The Head of Finance has signed the accounts to certify that in his view they present a true and fair view of the financial position of the Council.
- 2.7 Under the 2015 Accounts and Audit Regulations, the Council has to have its accounts agreed by the Committee by 30 September.

### **3. Proposal**

- 3.1 The financial statements for the year ended 31 March 2016 are attached as Appendix III. The draft accounts were sent to members of the Committee on 1 July 2016.
- 3.2 The Audit Findings Report does not identify any adjusted or unadjusted misstatements. Only minor changes and narrative amendments have been made to the draft accounts issued earlier.
- 3.3 The Head of Finance and Chief Accountant would like to express their thanks to Grant Thornton for their efforts in completing the required audit work in time for reporting to this Committee. As in the past, the Head of Finance and Chief Accountant will work with the external auditors to review the accounts and to continue to maintain and improve them in the future.

### **4. Consultation Undertaken or Proposed**

- 4.1 Consultation has taken place with Grant Thornton throughout this process.

## 5. Implications

Issue	Implications
Corporate Plan	Good financial management is key to achieving our Corporate Plan priority of being “A council to be proud of”
Financial, Resource and Property	The External Auditor’s opinion is that the Authority’s accounting statements give a true and fair view of the financial position of the Authority as at 31 March 2016 and its income and expenditure for the year then ended.
Legal and Statutory	The production of the financial statements is a legal requirement under the 2015 Accounts and Audit regulations.
Crime and Disorder	No direct issues
Sustainability	No direct issues
Health & Wellbeing	No direct issues
Risk Management and Health and Safety	No direct issues
Equality and Diversity	No direct issues

## 6. Appendices

- 6.1 The following documents are to be published with this report and form part of the report:
  - 6.1.1 Appendix I: Audit Findings Report
  - 6.1.2 Appendix II: Letter of Representation
  - 6.1.3 Appendix III: Annual Financial Report 2015/16

## 7. Background Papers

- 7.1 Detailed working papers are held in the Finance Department.