

## Regulatory and Audit Committee

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<b>Title:</b>	<b>Statement of Accounts for the year ending 31 March 2014</b>
<b>Date:</b>	23 September 2014
<b>Author:</b>	Richard Ambrose – Service Director (Finance & Commercial Services)
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<b>Electoral divisions affected:</b>	All

### Summary

To present Grant Thornton's draft report on any significant findings from its audit of the Council's Statement of Accounts and Pension Fund.

On 25 June 2014 this Committee received the Unaudited Statement of Accounts for the Council and Pension Fund. At that stage the audit of the accounts had not commenced. Grant Thornton has now substantially completed this work, with work on investment confirmations and employee remuneration still outstanding. The Letter of Representation for the Council's Statement of Accounts is currently being finalised and will follow this report. Representatives from Grant Thornton will provide an update on their findings at the meeting.

Subject to the satisfactory resolution and completion of the above matters, we anticipate that Grant Thornton will provide **an unqualified opinion** on the financial statements for the Council and Pension Fund.

### Value for money conclusion

The Council is responsible for putting in place proper arrangements to:

- secure economy, efficiency and effectiveness in your use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

Grant Thornton provide a VFM conclusion based on whether the Council has proper arrangements in place for securing financial resilience and whether the Council has proper



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arrangements for challenging how it secures economy, efficiency and effectiveness in the prioritisation of resources.

Grant Thornton have indicated that they will issue a **qualified 'except for'** value for money conclusion as a result of the report by Ofsted issued in August 2014 which concluded that the overall effectiveness of Children's Services at the Council was judged to be inadequate.

### **Recommendation**

**That the Committee considers its response to the matters raised by Grant Thornton and agrees that the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the financial year ended 31 March 2014 can be signed by the Chairman of this Committee.**

**That the Committee approves the Letters of Representation on behalf of the Council (to follow) and Pension Fund and agrees that it can be signed by the Chairman of this Committee.**

**That the Committee agrees the response to the proposed action plan within the Audit Findings Reports for the Council and Pension Fund.**

## **County Council**

Five changes to the accounts relating to classification have arisen to date as a consequence of the audit and been agreed with Grant Thornton. These relate to:

- Note 14 Asset disposals
- Note 20 Financial Instrument Investments
- Note 23 Creditors (three items)

There was no overall impact on the General Fund balance. A number of other small disclosure items have also been amended. A copy of the Statement of Accounts as amended and to be approved is included as part of the background papers. It should be noted that the audit has not yet concluded and further adjustments may be identified.

The audit has identified one unadjusted misstatement of -£2.1m in relation to depreciation charged on revalued assets. The Council has a policy of calculating depreciation on the opening value of assets before adjustments for additions, disposals or revaluations. This has been consistently applied and is permitted under the Code, provided that depreciation reflects the pattern of consumption of the asset and there has been no significant movement in asset balances. This will be reviewed in 2014/15 to confirm that the policy remains appropriate.

Members were advised at the meeting on 25 June 2014 that the Council's approach to the revaluation of property on a 5 year rolling programme by valuing 20% of items across all classes of property is non-compliant with the Code. The Code requires that all items in a single class should be revalued simultaneously. The Council's approach has not resulted in a material misstatement of asset values during 2013/14. We are currently reviewing our approach to valuations; however it is likely that we will also be non-compliant with the Code's requirements in 2014/15.

## **Pension Fund**

Grant Thornton has now substantially completed work on the audit of the Pension Fund accounts, with work on Bank confirmations and the Annual Report still outstanding. Three changes to the accounts relating to points of disclosure have arisen to date as a consequence of the audit and been agreed with Grant Thornton. These relate to:

- Note 9 Investments
- Note 12 Financial Instruments
- Note 2 Post balance sheet event

During the audit Grant Thornton also identified some narrative presentation and disclosure issues that have also been amended. It should be noted that the audit has not yet concluded and further adjustments may be identified. The Statement of Accounts, letter of representation and Grant Thornton's Audit Findings Report for the Pension Fund were reported to the Pension Fund Committee on 11 September 2014.

## **Supporting information to include the following if a decision is being requested:**

### **Resource implications**

The overall position on the General Fund reserve is a decrease of £8.565m to £31.116m. Earmarked reserves have increased to £121.365m. The overall outturn and level of General Fund reserves has not changed following the audit.

### **Legal implications**

None

### **Other implications/issues**

None

**Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

None

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**Background Papers**

Statement of Accounts for the year ending 31 March 2013 – BCC and Pension Fund

Letter of Representation – BCC (to follow)

Letter of Representation – Pension Fund

Draft Audit Findings Report 2012/13 - BCC (provided by Grant Thornton)

Draft Audit Findings Report 2012/13 - Pension Fund

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