

## Regulatory and Audit Committee

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<b>Title:</b>	<b>Statement of Accounts for the year ending 31 March 2015</b>
<b>Date:</b>	23 September 2015
<b>Author:</b>	Richard Ambrose – Director of Assurance
<b>Contact officer:</b>	Elsbeth O'Neill – Projects & Financial Accountancy Manager Telephone (01296) 382130
<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 10 June 2015 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. Representatives from Grant Thornton will provide an update on their findings at the meeting as detailed in their Audit Findings Report for 2014-15.

Subject to the satisfactory resolution of the normal audit processes, 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 arrangements for challenging how it secures economy, efficiency and effectiveness in the prioritisation of resources.



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During the year of audit, in August 2014, a report on the Inspection of Children's services concluded that, overall, children's services in the Council were judged to be inadequate. Grant Thornton has recognised the responses made to the issues identified and the actions undertaken as part of a two year strategy to improve children's services. Whilst progress appears on track full completion of the improvement programme is not due until later in 2016. Based on their review, with the exception of this issue set out above, Grant Thornton have indicated that they are satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2015.

## **Recommendation**

**That the Committee considers its response to the matters raised by Grant Thornton in their Audit Findings Report 2014-15 and agrees that the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the financial year ended 31 March 2015 can be signed by the Chairman of this Committee.**

**That the Committee approves the Letters of Representation on behalf of the Council 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.**

## **Statement of Accounts – Bucks County Council**

Two adjustments have been made to the accounts as a consequence of the audit and been agreed with Grant Thornton. These relate to:

- The defined benefit pension charge adjusted by £2.007m due to an error in apportioning the element that relates to Buckinghamshire Care
- An adjustment to show the gains from increases in the fair value of Available for Sale Financial Assets as £0.625m of 'other comprehensive income' in the CIES.

There was no overall impact on the General Fund balance. A number of other disclosure items have also been amended as listed on p22 and p23 of the Audit Findings Report. A copy of the Statement of Accounts as amended and to be approved is included as part of the papers. It should be noted that the audit has not yet concluded and further adjustments may be identified.

The audit has identified two unadjusted misstatements:

- (£0.224m) net movement 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 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 2015/16 to confirm that the policy remains appropriate.
- £1.178m difference in relation to the long-term receivable for re-provisioning of Adult Social Care. The calculation of the long-term debtor is based on a number of accounting estimates (including rate of inflation and discount rate). The re-provisioning calculation dates back to 2005/06 and the original model that supports the figure in the

Accounts can no longer be located, however we consider that this does not mean that the figures within the Accounts are materially incorrect.

Members were advised at the meeting on 10 June 2015 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. CIPFA have updated the Code of Practice for 2015/16 and as a result the approach we adopt will be compliant from 2015/16. The Council's approach has not resulted in a material misstatement of asset values during 2014/15.

### **Statement of Accounts - Pension Fund**

Grant Thornton audited the Pension Fund Accounts during the summer and are proposing to issue an unqualified audit opinion on the pension fund's financial statements. As a consequence of the audit the amounts disclosed in Note 9 Investments for the purchases, sales, realised and unrealised profit amounts were amended.

### **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 £10.073m to £21.043m. Earmarked reserves have increased to £132.947m. 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 2015 – BCC and Pension Fund  
Letter of Representation – BCC  
Letter of Representation – Pension Fund  
Draft Audit Findings Report 2014/15 - BCC (provided by Grant Thornton)  
Draft Audit Findings Report 2014/15 - Pension Fund (provided by Grant Thornton)

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