

Regulatory and Audit Committee

Title:	Statement of Accounts for the year ended 31 March 2017
Date:	26 July 2017
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Electoral divisions affected:	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 24 May 2017 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 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 2016-17.

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 the 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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Due to the forthcoming Ofsted review we have decided to delay the Value for Money conclusion. This will be brought to the September Regulatory and Audit Committee meeting.

Recommendation

That the Committee considers its response to the matters raised by Grant Thornton in their Audit Findings Report 2016-17 and agrees that the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the financial year ended 31 March 2017 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 they 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 – Buckinghamshire County Council

Four adjustments have been made to the Accounts as a consequence of the audit and been agreed with Grant Thornton:

- Beechview School had not been identified as converting to Academy status during 2016-17. This has resulted in the value of the school, £2.822m, being adjusted as an in-year disposal within Note 15 Property, Plant and Equipment. This correction also feeds through to the CIES, MiRS and Note 26 Unusable Reserves.
- An asset within Note 15 Property, Plant and Equipment was revalued upwards in error. This has resulted in an error of £2.054m. This correction has reduced the Revaluation increases recognised in the Revaluation reserves line. This correction also feeds through to the CIES, MiRS and Note 26 Unusable Reserves.
- The Energy from Waste site was made operational during 2016/17. Within Note 15 Property, Plant and Equipment the Energy from Waste site had been categorised as 'Other Land and Buildings'. As detailed in a valuation report of the Energy from Waste site £111m of the total valuation of this site relates to plant, therefore should be re-categorised from 'Other Land and Buildings' to 'Vehicles, Plant and Equipment'.
- Information that was sent to the Actuary to calculate the assets and liabilities in relation to the Local Government Pension Scheme included unfunded benefits in the Teachers Scheme. This was in error. The Actuary has provided new figures which are reflected in the final accounts. Please see briefing note for further information.

There was no overall impact on the General Fund balance. A small number of other disclosure items have also been amended as listed within 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.

Statement of Accounts - Pension Fund

Grant Thornton audited the Pension Fund Accounts recently and are proposing to issue an unqualified audit opinion on the Pension Fund's financial statements. As a consequence of the audit, changes to the fair value hierarchy disclosures (Note 12) and contractual commitments (Note 19) of the Accounts were agreed. Following the adoption of IFRS13 for Pension Fund Accounts this year the Note 12 fair value hierarchy disclosure should be limited to investments. Dividend income receivable, current assets and current liabilities have been removed from the fair value hierarchy table and the 2015-16 comparator figures have been restated. For Note 19 there were some small changes to the amount paid as at 31 March 2017 for Partners Group contractual commitments. The Audit Findings Report also recommends that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme is updated on a regular basis and all significant reconciling differences appropriately resolved. Management has agreed this recommendation. The Pensions Finance Officer role responsible for reconciling monthly contributions was vacant for 3 months from December 2016 to February 2017. The vacancy was filled but the new post holder handed in their notice after 6 weeks in the role citing workload volumes as one of the reasons for leaving. As the number of employers within the Fund has increased the reconciliation of employer contributions has become increasingly onerous. An additional post has been created and two Pensions Finance Officers were appointed with effect from 3 July 2017. It is envisaged that they will quality check each other's work in addition to providing cover for each other during short term absences. It is estimated that the contributions monitoring backlog will be up to date by the end of September.

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

Resource implications

The overall position on the General Fund reserve is an increase of £7.124m to £24.506m. Earmarked reserves have reduced by £12.812m to £84.640m. 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

Background Papers

Statement of Accounts for the year ended 31 March 2017 – BCC and Pension Fund

Letter of Representation – BCC

Letter of Representation – Pension Fund

Draft Audit Findings Report 2016-17 - BCC (provided by Grant Thornton)

Draft Audit Findings Report 2016-17 - Pension Fund (provided by Grant Thornton)
