



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Statement of Accounts 2014/15 and Annual Governance Statement</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	07 September 2015
<b>Policy Document:</b>	No
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr M Hallam

### 1. Purpose

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- 1.1 To seek approval of the Statement of Accounts (SoA) 2014/15 (Appendix 1) and Annual Governance Statement (AGS) (Appendix 2).

### 2. Recommendations

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- 2.1 That the Audit Committee approves the SoA 2014/15 and acknowledges the AGS signed by the Leader and Chief Executive.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 The Council has produced its SoA in line with the statutory timescales and it was signed by the Chief Finance Officer (CFO) on 19 June 2015, this is in advance of the statutory deadline of 30 June 2015. The CFO is satisfied that the SoA present fairly the financial position of the Council at 31 March 2015.

#### 3.2 Financial Position

- 3.2.1 The Core Statements at section E of the Accounts show a net contribution to general fund working balances of £1,827k after taking account of technical adjustments and transfers to reserves. There was no contribution to HRA working balances; however, these are already at the budgeted level.

3.2.2 The level of General Fund and HRA working balances at 31 March 2015 are shown below.

Reserve	Amount (£m)	Amount (£m)
	31 March 2015	31 March 2014
General Fund working balance	5.470	3.643
HRA working balance	5.000	5.000

### 3.3 External Audit Outcome

3.3.1 External audit have identified one non material issue which has not been updated in the NBC single entity accounts but has been updated in the Group Accounts.

3.3.2 NBC's level of materiality has been set at £4.5m for 2014/15.

3.3.3 This error (£0.5m) is not material and due to the complexity of the adjustment to correct, it has been chosen not to amend the single entity accounts. This does not impact upon the overall position of the authority and therefore does not affect the users of the accounts.

### 3.4 External audit process

3.4.1 KPMG have noted that the quality of working papers to support the production of the accounts are of very high quality and fully met the required standards.

3.4.2 KPMG have also noted that all officers involved in the process resolved all queries in a timely manner.

3.4.3 It is pleasing to note that this is the first time Group Accounts have been produced for NBC and KPMG have been satisfied with the approach taken and a good audit trail was retained to support the accounts.

### 3.5 Recommendations

3.5.1 The two recommendations arising from the 2013/14 audit have been fully implemented.

3.5.2 There are three recommendations arising from the 2014/15 audit of the accounts. These recommendations do not need immediate action and have been rated as 2 on the scale of 1(*Highest*) to 3(*Lowest*). The detailed recommendations and management responses are included in the ISA260.

### 3.6 Annual Governance Statement (AGS)

3.6.1 Under the Accounts and Audit Regulations 2011 the Annual Governance Statement must accompany the Statement of Accounts, and is presented as an appendix to this report.

3.6.2 On the first page of the AGS is the Statement of Compliance, which explains how the council complies with the CIPFA Statement on the Role of the Chief Finance Officer. Due to the partnership with LGSS there are a few small functions that are not directly overseen by the Chief Finance Officer. These variations from the CIPFA Statement and how they are addressed instead are explained in the Statement of Compliance section of the draft AGS.

3.6.3 There were no audit amendments arising from the external audit of the AGS.

### **3.7 Next Steps**

3.7.1 The auditors have now completed their audit and are anticipating being in a position to provide their audit opinion and ISA260 to the Audit Committee for sign off.

### **3.8 Choices (Options)**

3.8.1 The Committee may choose not to approve the Accounts; this would result in the Council not meeting its statutory responsibilities.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 There are no policy implications arising from this report.

### **4.2 Resources and Risk**

4.2.1 There are no direct financial implications arising from this report. The SoA reports on the financial position for 2014/15.

### **4.3 Legal**

4.3.1 There are no legal implications arising from this report.

### **4.4 Equality**

4.4.1 There are no equality implications arising from this report.

### **4.5 Consultees (Internal and External)**

4.5.1 Management Board has been consulted on the Statement of Accounts and AGS.

4.5.2 The Statement of Accounts, accompanied by the AGS, has undergone public inspection and external audit.

### **4.6 Other Implications**

4.6.1 There are no other implications arising from this report.

## **5. Background Papers**

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- 5.1 The draft Accounts were prepared in line with IFRS requirements and relevant legislation, predominantly:
- Accounts and Audit Regulation 2011
  - The Code of Practice on Local Authority Accounting 2014/15
  - The CIPFA Statement on the Role of the Chief Finance Officer

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