

Audit Committee

21 September 2015

Report title Audited Statement of Accounts 2014/15

Cabinet member with lead responsibility Councillor Andrew Johnson
Resources

Accountable director Mark Taylor, Finance

Originating service Strategic Finance

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Report to be/has been considered by None

Recommendation(s) for action or decision:

The Committee is recommended to

1. Approve the formal publication of the 2014/15 Statement of Accounts, as required by the Accounts and Audit Regulations 2011, which require publication by 30 September.
2. Delegate authority to the chair of the audit committee to agree subsequent changes to the Statement of Accounts in consultation with the Director of Finance should there be any audit adjustments.

Recommendations for noting:

The Committee is asked to note:

1. That the council's external auditors intend to issue an unqualified opinion on the Statement of Accounts 2014/15, subject to the outcomes of remaining elements of audit work.
2. That the external auditors have identified no material errors which are expected to remain unadjusted in the amended Statement of Accounts.

1.0 Purpose

- 1.1 To update members of the committee on the audit of the 2014/15 Statement of Accounts.

2.0 Background

- 2.1 The draft Statement of Accounts was certified by the Director of Finance on 30 June 2015, as per the statutory deadline. It was subsequently presented to the Audit Committee on 6 July 2015.
- 2.2 The draft was subject to audit by the council's external auditors, PricewaterhouseCoopers (PwC), which has been taking place during the last two months, and is now nearing completion. The council is required by law to publish the Statement of Accounts by 30 September 2015 (Accounts and Audit Regulations 2011).
- 2.3 Under the council's financial procedure rules, Audit Committee has responsibility for the approval of the financial statements.
- 2.4 The format of the Statement of Accounts is governed by the Code of Practice on Local Authority Accounting (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). They are prepared in accordance with International Financial Reporting Standards (IFRS). There were no significant changes to the Code for 2014/15.

3. Outcome of the audit

- 3.1 The key outcomes of the audit of the Statement of Accounts are:

(i) PwC's opinion as to whether the statements give a true and fair view of the council and its group's financial position at the year end, and the income, expenditure and cash flows for the year there ended;

(ii) PwC's conclusion on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year in question;

(iii) A report which summarises the issues arising from the audit of the statements, including the pension fund accounts, and issues which they are formally required to report to Members under the Audit Commission's Code of Audit Practice and International Standard of Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of audit matters with those charged with governance". This report is presented separately on this agenda.

- 3.2 The committee can draw assurance from PwC's intention to issue an unqualified opinion on the financial statements, subject to the outcomes of the remaining elements of audit work. This will be included in the published Statement of Accounts.
- 3.3 As a result of their work on the draft Statement of Accounts, PwC have recommended that some changes be made to the content of the accounts. In addition to a number of minor amendments an adjustment has been in relation to the following item:

(i) Disposal of land – A land asset valued at £10.5 million had been written out of the accounts incorrectly because the asset description had not been updated for a change in use. This has now been corrected in the Statement of Accounts.

3.4 It is important to note that none of the changes made as a result of the audit have affected the revenue or capital outturn positions for 2014/15, or the level of reserves available for future expenditure at 31 March 2015.

3.5 The revised Statement of Accounts reflecting adjustments agreed with PwC will be circulated ahead of the Audit Committee meeting.

3.6 At the time of preparing this report, PwC are completing their work. Any further developments prior to this meeting will be the subject of a verbal update. If there are any further changes to the statements, a revised version will be presented.

4.0 Financial implications

4.1 The statement, and audit of those statements by the external auditors, is an important element of the accountability and transparency of the council's finances.
[CN/14092015/T]

5.0 Legal implications

5.1 The Accounts and Audit (England) Regulations 2011 require the 2014/15 Statement of Accounts be produced in accordance with proper practice. This is exemplified by the Code of Practice on Local Authority Accounting which is published by CIPFA. These regulations also require that the accounts are approved by 30 June 2015 and published by 30 September 2015.
[JA/14092015/O]

6.0 Equalities implications

6.1 There are no equality implications arising from this report

7.0 Environmental implications

7.1 There are no environmental implications arising from this report.

8.0 Human resources implications

8.1 There are no human resource implications arising from this report.

9.0 Corporate landlord implications

9.1 There are no implications for the council's property portfolio arising from this report

10.0 Schedule of background papers

10.1 Draft Statement of Accounts 2014/15, report to Audit Committee, 6 July 2015.