

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Director of Finance
Date of Decision:	29th September 2015
SUBJECT:	STATEMENT OF ACCOUNTS AND AUDIT FINDINGS REPORT 2014/15
Wards Affected: All	
1. Purpose of Report	
1.1 To report the unqualified audit opinion on the 2014/15 accounts and Grant Thornton's Audit Findings Report summarising the significant outcomes, conclusions and recommendations from external audit work for 2014/15 including Final Accounts and Value for Money opinion and to submit for approval the final Statement of Accounts for 2014/15.	
2. Decisions recommended:	
That Audit Committee:	
2.1 Notes the Audit Findings Report from Grant Thornton and accepts the recommendations in Appendix A.	
2.2 Approves the final Statement of Accounts 2014/15 which will receive an unqualified opinion from the Auditor.	
2.3 Approves the Letter of Representation from the Director of Finance	

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3. Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies:
The production of annual accounts is a Statutory requirement.
- 3.2 Relevant Ward and other Members /Officers etc. consulted on this matter:
The Chairman of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
Section 151 of the Local Government Act requires the Director of Finance (as responsible officer) to ensure proper administration of the City Council's financial affairs.
- 3.4 Will decision(s) be carried out within existing finances and resources?
Yes.
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
The issues raised in this report are largely of a technical financial nature.

4. Relevant background/chronology of key events:

- 4.1 The draft Statement of Accounts was signed by the Director of Finance on 30 June 2015.
- 4.2 Officers have worked closely with Grant Thornton to address issues raised in previous action plans and to deliver working papers to their requirements.
- 4.3 The Accounts need to be signed by 30 September 2015 to enable all statutory deadlines to be met.
- 4.4 The Audit Findings Report at Appendix 1 notes that an unqualified opinion in respect of the 2014/15 accounts is expected but with an emphasis of matter. The emphasis of matter relates to the Council's equal pay liability, specifically to the uncertain outcomes and consequential difficulty in accurately quantifying the value of claims made under Equal Pay legislation and was first raised in 2012/13.
- 4.5 The Audit Findings Report provides information about Grant Thornton's work on the Council's financial standing, internal control and value for money. Further detail on the value for money audit work is provided in the Annual Audit Letter which will be reported at the November meeting. The council has received a qualified "except for" Value for Money conclusion.
- 4.6 The Audit Findings Report includes a number of recommended actions which the Council needs to address in the coming year. The Audit Findings Report is attached as Appendix 1 and the recommendations are included in Appendix A of that report. The Council is required to respond formally to these recommendations and will bring a report to the next Audit Committee.

- 4.7 A Letter of Representation is required to be sent to the external auditor by the Council's Section 151 Officer. This advises the auditor of any material matters which have occurred since the draft Statement of Accounts were signed and which might impact on the accounts and the audit. The letter is included at Appendix 2.

5. Material Adjustments

- 5.1. There were four material adjustments to the single entity accounts and one to the group accounts. Three of the adjustments related to the disposal of the NEC which was a highly complex transaction requiring technical judgements and interpretation. One adjustment was due to a refinement of our interpretation of the accounting treatment voluntary aided, voluntary controlled and foundation schools. Both issues are covered in detail in the Audit Findings Report. The fifth adjustment (£3m) is a correction of an error in the treatment of an instalment payment.
- 5.2. There were no material unadjusted items.

6 Recommendations

- 6.1 Members are recommended to approve the revised Statement of Accounts at Appendix 3, and to accept the Audit Findings Report recommendations from Grant Thornton and to approve the Letter of Representation.

Signatures :

Chief Officer:

Dated:

List of Background Documents used to compile this Report:

The Code of Practice
Audit Findings Report 2013/14
Annual Audit Letter 2013/14