



## Governance and Audit Committee

Item  
**8**

26 July 2016

Report of	Assistant Chief Executive	Author	Steve Heath ☎ 282389
Title	Annual Statement of Accounts 2015/16		
Wards affected	Not applicable		

**This report provides comments on the Auditors' report on the Statement of Accounts for 2015/16**

### 1. Decisions Required

- 1.1 To:
- Accept the Auditors' report,
  - Note the comments in this covering report,
  - Approve the letter of representation, and
  - Approve the audited Statement of Accounts.

### 2. Audit Results Report

- 2.1 The pre-audit Statement of Accounts (SOA) was certified by the responsible financial officer on 27 May, which is in accordance with the statutory deadline. A report was presented to this Committee on 28 June highlighting the availability of the draft accounts, and explaining the key financial statements.
- 2.2 The Auditors' work on the 2015/16 accounts has now been substantially completed. The issues raised during the audit have been discussed with the Auditor and dealt with, and the Statement of Accounts is being agreed. The presentation of the attached Auditors' report to those charged with governance is the final stage in the process to approve the Council's Statement of Accounts.
- 2.3 The Audit Plan identified general audit risks that are shown on page 3 of the Auditor's Audit Results Report. The Auditors' testing has not identified any significant issues, and does not raise any concerns over our accounting treatment of these areas.
- 2.4 The Auditor expects to issue an unqualified opinion on the financial statements by 31 July, which is in advance of the statutory deadline of 30 September. In keeping with the usual practice the published statement, including the Auditor's opinion, will be submitted to the Committee following conclusion of the audit.
- 2.5 The audit identified a small number of minor disclosure and consistency errors within the accounts that have all been amended during the course of the audit. No material errors were identified, and there were no errors identified during the audit that have not been adjusted. The report also states that the audit has not identified any weaknesses in internal control that might result in a material error in the financial statements.
- 2.6 The Auditor has a responsibility to be satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining these arrangements, the Auditor did raise one significant risk relating to the

Council's arrangements for sustainable resource deployment. This concerns the Council's response to the financial pressure resulting from the continuing economic downturn. To address this, the Auditor reviewed the Council's 2016/17 budget and Medium Term Financial Forecast, and has assessed the Council to have adequate arrangements in place. The findings are set out on page 7 of the Auditor's Audit Results Report.

- 2.7 In line with International Standards of Auditing, the Audit Commission requests a general letter of representation in support of the SOA. This provides assurance about the information within the SOA and any issues that could arise between the end of the financial year and the conclusion of the audit. A draft of the letter required, which will be signed by the Section 151 Officer, is attached to this report.

### **3. Strategic Plan References**

- 3.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2015/16.

### **4. Publicity Considerations**

- 4.1 The accounts were open for public inspection from Monday 6 June to Friday 15 July to meet our legal duties. This had been advertised on the Council's website and via social media.

### **5. Financial Implications**

- 5.1 The approval of the audited Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.

### **6. Other Standard References**

- 6.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

## **Background Papers**

### **Attached to this report:**

Audit Results Report  
Draft Letter of Representation

### **Available on the Council's website:**

Draft Statement of Accounts 2015/16 (updated)

<http://www.colchester.gov.uk/article/11907/Statement-of-Accounts---Colchester-Borough-Council>

Draft Annual Statement of Accounts – Report to Governance & Audit Committee on 28 June 2016

<http://colchester.cmis.uk.com/colchester/MeetingCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/394/Committee/35/Default.aspx>