

BABERGH AND MID SUFFOLK DISTRICT COUNCILS

From: Assistant Director – Corporate Resources	Report Number: JAC/17/6
To: Joint Audit and Standards Committee	Date of meeting: 29 September 2017

STATEMENTS OF ACCOUNTS 2016/17 AND AUDITOR'S REPORT

1. Purpose of Report

- 1.1 To approve the final audited Statements of Accounts for 2016/17 and approve the joint external auditor's report for the year for Babergh District Council and Mid Suffolk District Council.

2. Recommendations

- 2.1 That the joint external auditor's report for 2016/17, as set out in Appendix A be approved.
- 2.2 That the Statement of Accounts for 2016/17 for Babergh District Council as set out in Appendix B, which has been produced following the completion of the audit be approved.
- 2.3 That the Statement of Accounts for 2016/17 for Mid Suffolk District Council as set out in Appendix C, which has been produced following the completion of the audit be approved.

3. Financial Implications

- 3.1 The audit has identified a change to the reported financial position, for each Council's General Fund, as identified below. There are no changes to either Council's Housing Revenue Account. Any further changes identified after the publication of this report will be reported at the Committee.
- 3.2 For Mid Suffolk, there was £40k incurred on ICT expenditure which had been treated as revenue but £32k should have been capitalised as intangible assets and £8k treated as a payment in advance (debtors). This has increased the surplus on the General Fund and subsequent transfer to the Transformation Fund by £40k.
- 3.3 For Babergh there was the same treatment of £40k incurred on ICT expenditure, as outlined above for Mid Suffolk. In addition, there was also a £25k adjustment to the impairment of an asset (Property, Plant and Equipment – surplus assets), which should have been charged to revenue. Overall, these two adjustments increased the surplus on the General Fund and subsequent transfer to the Transformation Fund by £15k.

4. Legal Implications

- 4.1 There are no legal implications arising from this report.

5. Risk Management

- 5.1 This area is not regarded as a significant business risk on the Integrated Significant Business Risk Register. Specific risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If there are material misstatements in the accounts or non-compliance with accounting requirements, then this could result in a possible 'qualified' audit opinion or unfavourable audit report.	2-Unlikely	2/3-Noticeable/Bad	Aim to obtain an unqualified 'true and fair' opinion from the external auditors as a result of: <ul style="list-style-type: none">• Clear arrangements for ensuring compliance with accounting requirements.• Analytical review of the outturn against previous year and the Budget.• Early discussion on key issues with the auditors.
If issues or concerns are raised by the public from the right to inspect the accounts then this could have an impact on the Council's reputation	2-Unlikely	1-Minimal	Open and transparent arrangements and publication of the public's right to inspect the accounts.

6. Consultations

- 6.1 None

7. Equality Analysis

- 7.1 None

8. Shared Service / Partnership Implications

- 8.1 Ernst and Young LLP audit both Councils' accounts and for the first time a joint audit report has been prepared and presented by the external auditors.

9. Links to Joint Strategic Plan

9.1 There are no direct links to the Joint Strategic Plan from this report but producing the Statements of Accounts helps to demonstrate sound financial management practices. In turn, these sound financial management practices will help support the Councils through their aims and objectives set out in the Joint Strategic Plan, including ensuring the long term financial sustainability of the Councils.

10. Key Information

10.1 The audit has not been completed at the time of preparing this report, and the Auditor, Ernst and Young, are due to finish their work by the statutory date of 30 September. The Statements of Accounts included at Appendices B and C show highlighted amendments made as a result of the audit work completed so far. The Statements cannot be properly finalised until the audit has been fully completed. A verbal update will be given to the Committee if there are any further amendments identified in the meantime. At this stage of the audit, there are no significant findings to report and the Auditor expects to issue:

- An unqualified true and fair opinion in the financial statements; and
- An unqualified value for money conclusion

11. Appendices

Title	Location
(a) External Auditor's joint report for 2016/17	Appendix A
(b) Babergh District Council Statement of Accounts 2016/17	Appendix B
(c) Mid Suffolk District Council Statement of Accounts 2016/17	Appendix C

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