

GATESHEAD METROPOLITAN BOROUGH COUNCIL

ACCOUNTS COMMITTEE

22 September 2016

PRESENT: Councillor M Gannon (Chair)
Councillors J Wallace and C Donovan

AC1 MINUTES

The minutes of the last meeting of the Committee held on 25 September 2015 were approved as a correct record and signed by the Chair.

AC2 AUDIT COMPLETION REPORT YEAR ENDED 31 MARCH 2016 AND STATEMENT OF ACCOUNTS 2015/16

Consideration has been given to Mazars' Audit Completion Report 2015/16, including the Council's arrangements for securing economy, efficiency and effectiveness.

In line with best practice the Audit and Standards Committee has considered the Audit Completion Report prior to its submission to this Committee and has raised no issues.

The report's key messages are:

- Audit Opinion: Mazars anticipate issuing an unqualified opinion on the Statement of Accounts, meaning that it is free from material error and has been prepared in accordance with proper practice.
- Use of Resources: The Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The report also includes a Letter of Representation to Mazars to be approved by the Committee prior to being signed by the Strategic Director, Corporate Resources following the issue of the Audit Opinion. The Statement of Accounts is materially consistent with the 2015/16 revenue and capital outturn reports considered by the Cabinet on 14 June 2016. Along with minor adjustment and presentational changes, the following adjustments have been made to the Statement submitted for audit on 31 May 2016:

- Long-term/short-term debtors: £0.831m interest relating to a loan was incorrectly treated as long-term, rather than being split between amounts due within and beyond year one.
- Better Care Fund Grant: The £5.808m grant was received as part of the Local Government Finance Settlement during 2015/16, and as such was treated as a general grant within the Comprehensive Income and Expenditure Statement. It was subsequently reclassified as a service-specific grant as it relates solely to Social Care and was moved within the Cost of Services.

- Short-term debtors/creditors: The debtors and creditors balances were adjusted by £1.065m due to an opening balance error identified.
- Cash balance: Accrued income was credited to the cash account in error, resulting in a minor error identified by officers and reported to Mazars. The error was trivial at £0.094m but has been disclosed due to the sensitivity of the area.
- Contingent rent: The contingent rent element of schools PFI costs (£0.961m) was treated as part of the Children's and Education line of the Comprehensive Income and Expenditure Statement. This was amended to form part of the financing and investment income and expenditure line.
- General Income: A £0.990m account error in reporting council tax and business rates income was identified and corrected.
- Trading accounts: The surplus on the trading accounts was reduced by £1.517m, which impacted on the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- Cash Flow Statement: This was amended to reduce to £4m balancing figure to £0.875m.
- Disclosure amendments: In addition to the above, the Statement of Accounts was also amended for a number of minor errors, clarifications or inconsistencies within the Notes to the Accounts.

None of the changes to the Statement of Accounts impact on the revenue and capital outturn positions reported to the Cabinet, nor do they affect the position of any usable reserves. Management have agreed to amend the Statement of Accounts to reflect the adjustments.

- RESOLVED -
- (i) That the contents of Mazars' Audit Completion Report for the year ended 31 March 2015 be noted.
 - (ii) That the issue of the Letter of Representation by the Strategic Director, Corporate Finance on behalf of the Council be approved.
 - (iii) That the Council's Statement of Accounts for 2015/16 be approved for publication.

Chair.....