

TITLE OF REPORT: **Audit Completion Report Year ended 31 March 2015
and Gateshead Council Statement of Accounts
2014/15**

REPORT OF: **Darren Collins, Strategic Director, Corporate
Resources**

Purpose of the Report

1. This report requests that the Accounts Committee:
 - note Mazars' 2014/15 Audit Completion Report (Appendix 2), including the Council's arrangements for securing economy, efficiency and effectiveness;
 - approve the issue of a Letter of Representation (Appendix 3); and
 - approve the publication of the Council's 2014/15 Statement of Accounts (Appendix 4).

Background

2. The annual audit of the Council's Statement of Accounts and use of resources has now been completed for 2014/15 and Mazars LLP has issued its report.
3. The Audit Completion Report covers:
 - the Council's Statement of Accounts; and
 - the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
4. In line with best practice the Audit and Standards Committee has considered the Audit Completion Report prior to submission to this Committee and comments and issues raised have been circulated.

Proposal

5. The proposal is for the Accounts Committee to note comments from the Audit and Standards Committee, note the contents of Mazars' Audit Completion Report including arrangements for securing economy, efficiency and effectiveness, approve the issue of the Letter of Representation by the Strategic Director, Corporate Resources on behalf of the Council, and approve the Council's 2014/15 Statement of Accounts for publication.

Recommendations

6. The Accounts Committee is requested to:

- note any comments from the Audit and Standards Committee
- note the contents of Mazars' Audit Completion Report and the covering report;
- approve the issue of the Letter of Representation by the Strategic Director, Corporate Resources on behalf of the Council; and
- approve the Council's 2014/15 Statement of Accounts for publication.

for the following reason(s)

- (i) to comply with legal requirements and the Council's Constitution.

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Appendix 1

Policy Context

1. The proposals in this report are consistent with Vision 2030 and the Council's Corporate Plan. In particular, they contribute to achieving a sustainable financial position over the life of the Council Plan and the Medium Term Financial Strategy (MTFS).

Background

2. The annual audit of the Council's 2014/15 Statement of Accounts has now been completed. Mazars LLP is required to:
 - Issue a report to those charged with governance summarising its conclusions from their audit work by 30 September 2015;
 - Report to those charged with governance certain matters before giving its opinion on the financial statements; and
 - Issue a conclusion relating to proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
3. The report covers:
 - The Council's financial statements; and
 - The Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Audit Completion Report

4. Mazars' Audit Completion Report is included as Appendix 2 to this report. The key messages are as follows:
 - Audit Opinion - Mazars has issued 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; and
 - Use of resources – the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
5. 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, attached as Appendix 3.
6. The 2014/15 Statement of Accounts, amended for any adjustments identified during the audit, is shown at Appendix 4. The Statement of Accounts is materially consistent with the 2014/15 revenue and capital outturn reports considered by Cabinet 23 June 2015. Along with minor adjustments and presentational changes, the following adjustments have been made to the Statement submitted for audit on 30 June 2015:

- **Short-term debtors / creditors:** the creditors balance was increased by £0.708m due to the inclusion of a small number of debtor balances. This also required the debtors balance to be increased by this figure;
- **Long-term / short-term debtors:** £0.684m interest relating to a Newcastle Airport loan was incorrectly treated as long-term, rather than being split between amounts due within and beyond one year;
- **Better Care Fund grant:** the £5.194m grant was received as part of the Local Government Finance Settlement during 2014/15, and as such was treated as an un-ringfenced / 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*;
- **Revaluations:** a former school site was incorrectly treated as a surplus asset, when it should have been classified as operational property. This resulted in a £1.741m adjustment between *Planning Services* and *Cultural and Related Services* within the Comprehensive Income and Expenditure Statement; and
- **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.

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

Consultation

8. There has been no external consultation on this report.

Alternative Options

9. There are no alternative options proposed. The Council is obliged by statute to publish the Statement of Accounts.

Implications of Recommended Option

10. **Resources:**
- Financial Implications** – The Strategic Director, Corporate Resources confirms that the financial implications are as set out in this report and in the 2014/15 Statement of Accounts. There are no additional financial implications associated with the report itself.
 - Human Resources Implications** – There are no human resources implications arising from this report.

- c. Property Implications** – There are no property implications arising from this report.
11. **Risk Management Implication** – no additional risks have been identified in this report or in the completion of the 2014/15 Statement of Accounts.
 12. **Equality and Diversity Implications** – There are no equality and diversity implications arising from this report.
 13. **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.
 14. **Sustainability Implications** – There are no sustainability implications arising from this report.
 15. **Health Implications** - There are no health implications arising from this report.
 16. **Human Rights Implications** – There are no human rights implications arising from this report.
 17. **Area and Ward Implications** – There are no area and ward implications arising from this report.