

For Decision	✓
For Information	

## ITEM 7 – Audited Accounts and Draft Annual Audit Report 2015-16

Report by: Ivan Clark, SESplan

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### Purpose

This report presents the SESplan Audited Accounts and Draft Annual Audit Report for 2015-16 for SESplan Joint Committee consideration.

### Recommendations

It is recommended that the SESplan Joint Committee:

1. Approves the Audited Accounts 2015-16, attached as Appendix 1 to this report; and
2. Approves the Proposed Annual Audit Report 2015-16, attached as Appendix 2 to this report.
3. Notes the letter from the Auditor and draft Letter of Representation to the Auditor at Appendix 3

### Resource Implications

As set out below and in Appendices 1 and 2.

### Legal and Risk Implications

There are risks to the process if sufficient funding is not available to progress the Strategic Development Plan (SDP) at a rate which provides an up to date strategic planning policy context for the timeous progression of the member authorities' Local Development Plans (LDP), as is required by legislation. All risks are detailed in the SESplan Risk Register and reported to Joint Committee on an annual basis.

### Policy and Impact Assessment

No separate impact assessment is required.

#### 1. Background

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 require all local authorities (including joint boards and joint committees) to make their unaudited accounts available for public inspection for at least 15 working days.

- 1.2 At its meeting on the 30 May 2016, the SESplan Joint Committee noted the unaudited accounts for 2015-16 and agreed that they be made available on the SESplan website from the 14 June for a 30 day period. This period closed on the 13 July and the accounts have now been audited.
- 1.3 The Local Authority Accounts (Scotland) Regulations 2014 require the audited accounts to be laid before a meeting of the authority within two months of receipt of the documents.

## **2. Audited Accounts 2015-16 and Annual Audit 2015-16**

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2.1 The Audited Accounts for 2015-16 are included as Appendix 1 to this Report, with the SESplan Propose Annual Audit Report by Audit Scotland included as Appendix 2. The Proposed Annual Audit Report sets out the following:

- Working papers were of a good standard and officers provided good support which enabled Audit Scotland to complete fieldwork by the target date;
- The Authority incurred a general fund deficit of £8,161 in 2015/16 reducing its usable reserves to £42,675. The Authority's usable reserve balance exceeds its target level of one month's operational costs (currently circa £24,000).
- The financial management arrangements are broadly satisfactory and there were no issues of concern in relation to the Authority's financial control systems. The Authority had sound governance arrangements in place during 2015/16.
- The Authority intends to utilise £7,920 of its usable reserves during the period 2016-19 to fund net expenditure. Good financial management remains a priority as the requisitions level remain static at £279,300 over the period 2016/17 to 2018/19.

2.2 The Annual Audit has identified that the general fund balance of £42,675 as at 31 March 2016, significantly exceeds the Authority's target level of one month's operating costs (currently around £24,000) and that there may be merit in re-assessing the Authority's use of reserves. In response, revised budgets for 2017-20 are currently being drafted for agreement by the Board and SDPA manager and will be submitted to Joint Committee for approval in November 2016. The level of reserves will be part of that discussion.

2.3 The Audited Accounts will be made available on the SESplan website (<http://www.sesplan.gov.uk/about-sesplan/governance>).

2.4 The Audited Accounts are also required to be signed off by the SESplan Joint Committee

Convener, Treasurer and SDP Manager. The Annual Audit Report will be finalised once the Audited Accounts have been signed.

## **Appendices**

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- 1** Audited Accounts 2015-16
- 2** Annual Audit 2015-16
- 3** Letter from the Auditor and draft Letter of Representation to the Auditor

## **Background Papers**

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SESplan Constitution, approved at SESplan Joint Committee on the 14 December 2015  
SESplan Financial Rules, approved at SESplan Joint Committee on the 14 December 2015  
Financial Update Report, presented to SESplan Joint Committee on the 14 December 2015

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