
SCOTTISH BORDERS COUNCIL ANNUAL ACCOUNTS 2015/16

Report by Chief Financial Officer

SCOTTISH BORDERS COUNCIL

29 SEPTEMBER 2016

1 PURPOSE AND SUMMARY

- 1.1 This report presents Members with copies of the Council's audited Annual Accounts for 2015/16.**
- 1.2 The Council's External Auditors, KPMG, have now completed the audit of the Council's 2015/16 Annual Accounts. KPMG have prepared the Annual Audit Report as attached on this Agenda and have provided an unqualified independent audit opinion.
- 1.3 The Annual Audit Report summarises KPMG's conclusions, including:
 - An unqualified audit opinion
 - Statements supported by high quality working papers;
 - KPMG concur with management's accounting treatment and judgements;
 - KPMG concluded positively in respect of financial sustainability, financial management, governance and transparency and value for money.
- 1.4 KPMG identified two Grade 3 (minor) recommendations requiring action and these have been accepted by management and will be enacted within the agreed timescales.
- 1.5 As required under the Local Authority Accounts (Scotland) Regulations 2014, the audited Annual Accounts for Scottish Borders Council, Scottish Borders Council's Pension Fund, SBC Common Good Funds, the SBC Charitable Trusts, Bridge Homes LLP, SB Support and SB Cares as contained in Appendices 1-6 have been presented to the Audit & Risk Committee prior to signature.

2 RECOMMENDATIONS

2.1 It is recommended that Council approve the following audited Accounts:

- (a) the Scottish Borders Council's audited Annual Accounts for the year to 31 March 2016 (Appendix 1);**
- (b) the Scottish Borders Council's Pension Fund audited Annual Accounts for the year to 31 March 2016 (Appendix 2);**
- (c) the Scottish Borders Council Common Good Funds' (Charity SC031538) audited Annual Accounts for the year to 31 March 2016 (Appendix 3);**
- (d) the SBC Welfare Trust (Charity SC044765) audited Annual Accounts for the year to 31 March 2016 (Appendix 4(i));**
- (e) the SBC Education Trust (Charity SC044762) audited Annual Accounts for the year to 31 March 2016 (Appendix 4(ii));**
- (f) the SBC Community Enhancement Trust (Charity SC044764) audited Annual Accounts for the year to 31 March 2016 (Appendix 4(iii));**
- (g) the Thomas Howden Wildlife Trust (Charity SC015647) audited Annual Accounts for the year to 31 March 2016 (Appendix 4(iv));**
- (h) the Ormiston Trust for Institute Fund (Charity SC019162) audited Annual Accounts for the year to 31 March 2016 (Appendix 4(v));**
- (i) the Scottish Borders Council Charity Funds' (Charity SC043896) audited Annual Accounts for the year to 31 March 2016 (Appendix 4(vi));**
- (j) the Bridge Homes LLP audited Annual Accounts for the year to 31 March 2016 (Appendix 5);**
- (k) the SB Supports audited Annual Accounts for the year to 31 March 2016 (Appendix 6 (i)); and**
- (l) the SB Cares audited Annual Accounts for the year to the 31 March 2016 (Appendix 6 (ii)).**

3 BACKGROUND

- 3.1 The various sets of unaudited accounts for 2015/16 were submitted to KPMG, the External Auditors, before the statutory deadline of 30 June 2016, following presentation of the draft accounts to the Audit & Risk Committee at the June meeting. KPMG began their detailed audit work in July and this was completed by the beginning of September.
- 3.2 As part of the statutory requirements the Council is required to advise the public of their right to inspect and object to the various sets of accounts and their supporting papers and make the documents available for inspection. This process was undertaken following the timetable contained in the 2014 Regulations and the inspection period commenced on 1 July 2016. No objections to the Annual Accounts were received during the Public Inspection period.
- 3.3 The Council must meet the Local Authority Accounts (Scotland) Regulations 2014 (the 2014 Regulations) requirement to have the audited Annual Accounts approved by the local authority or the Committee with responsibility for audit or governance prior to signature on the 30 September 2016. As a result this report was presented to the Audit & Risk Committee on the 26th September 2016 and is subsequently being presented to this full Council meeting on the 29th September 2016.
- 3.4 Following approval, the 2014 Regulations have the following requirements as set out in Part 3 Section 10 (3):
- Immediately **following the approval of the Annual Accounts** for signature, the statements which form part of those accounts are to be signed and dated as follows—*
- (a) the management commentary by the Section 95 Officer, the Chief Executive and the Leader of the Council;*
 - (b) the statement of responsibilities by the Leader of the Council and the Section 95 Officer, who must also certify the matters referred to in paragraphs (5) and (6) respectively;*
 - (c) the annual governance statement by the Chief Executive and the Leader of the Council;*
 - (d) the remuneration report by the Chief Executive and the Leader of the Council; and*
 - (e) the balance sheets by the Section 95 Officer, to authorise publication of the financial statements.*
- 3.5 These requirements apply to the Annual Accounts of the Local Authority and not to the charity or limited liability partnership accounts, although these have similar signatory requirements. The Section 95 Officer for Scottish Borders Council is the Chief Financial Officer.
- 3.6 This report presents audited copies of:
- **Scottish Borders Council** Annual Accounts for year ending 31 March 2016 (Appendix 1)
 - **Scottish Borders Council's Pension Fund** Annual Accounts for year ending 31 March 2016 (Appendix 2)
 - **Scottish Borders Council Common Good Funds** (Charity

SC031538) Annual Accounts for the year to 31 March 2016 (Appendix 3)

- **SBC Welfare Trust** (Charity SC044765) Annual Accounts for the year to 31 March 2016 (Appendix 4(i))
- **SBC Education Trust** (Charity SC044762) Annual Accounts for the year to 31 March 2016 (Appendix 4 (ii))
- **SBC Community Enhancement Trust** (Charity SC044764) Annual Accounts for the year to 31 March 2016 (Appendix 4 (iii))
- **Thomas Howden Wildlife Trust** (Charity SC015647) Annual Accounts for the year to 31 March 2016 (Appendix 4 (iv))
- **Ormiston Trust for Institute Fund** (Charity SC019162) Annual Accounts for the year to 31 March 2016 (Appendix 4 (v))
- **Scottish Borders Council Charity Funds'** (Charity SC043896) Annual Accounts for the year to 31 March 2016 (Appendix 4 (vi))
- **Bridge Homes LLP** Annual Accounts for the year to 31 March 2016 (Appendix 5);
- **SB Supports** Annual Accounts for the year to 31 March 2016 (Appendix 6 (i))
- **SB Cares** Annual Accounts for the year to the 31 March 2016 (Appendix 6 (ii))

3.7 It is a statutory requirement to publish all of the sets of audited annual accounts, and the 2014 Regulations require this to be done no later than 31st October 2016. In addition those relating to registered charities are required to be submitted to the Office of the Scottish Charity Regulator (OSCR).

4 EXTERNAL AUDITOR'S ANNUAL REPORT 2015/16

4.1 KPMG has now completed their audit, and I am pleased to report that all of the Annual Accounts contained in Appendices 1 – 6 have received an unqualified independent audit opinion.

4.2 KPMG's associated Annual Audit Report is presented on this Agenda. As well as being unqualified, the report expresses the following headlines:

- Statements supported by high quality working papers;
- KPMG concur with management's accounting treatment and judgements;
- KPMG concluded positively in respect of financial sustainability, financial management, governance and transparency and value for money.

4.3 The Annual Audit Report highlighted two specific recommendations together with graded risks. The areas in question are shown in Appendix 5 "Action Plan" of the External Auditor's Annual Audit Report. The areas are both classified as Grade 3 (Minor) and include the revaluation of assets on the Balance Sheet and documentation around managing the workforce.

These recommendations have been accepted by management and will be enacted within the agreed timescales.

- 4.4 KPMG also follow up prior audit recommendations to determine whether these have been addressed by management. The Council has demonstrated a commitment to enacting audit recommendations with 5 of the 9 Grade 3 (Minor) recommendations from the 2014/15 audit and 2015/16 interim audit now implemented and the remaining 4 in progress.

5 IMPLICATIONS

5.1 Financial

There are no additional direct financial implications for the Council arising from the approval of the Audited Annual Accounts or from the External Auditor's Annual Audit Report and it is expected that the actions contained in the Report will be carried out within existing resources.

5.2 Risk and Mitigations

There are no direct risks arising from the report apart from those identified in the External Auditor's Annual Audit Report. The planned management actions represent the mitigating actions which the Council will be taking.

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

5.6 Rural Proofing

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Delegation are required as a result of this report.

6 CONSULTATION

- 6.1 CMT has been consulted. In addition, the Chief Legal Officer and the Chief Officer Audit and Risk are being consulted and any comments received on the report will be presented to the Committee.

Approved by

David Robertson

Chief Financial Officer

Signature

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager 01835 824000 X5881

Background Papers:

Previous Minute Reference: 28 June 2016 Audit & Risk Committee
26 September 2016 Audit & Risk Committee

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Corporate Finance Manager can also give information on other language translations as well as providing additional copies.

Contact us at: Suzy Douglas, Financial Services Manager, Scottish Borders Council, Council HQ, Newtown St Boswells, Melrose TD1 0SA, 01835 824000 X5881, sdouglas@scotborders.gov.uk