
AUDIT OF ACCOUNTS 2015-16

SUMMARY REPORT

Purpose of Report

1. To present a report by the Council's external auditors, Ernst and Young (EY), on the audit for the year ended 31 March 2016.

Summary

2. The external auditors are required by the Audit Commission's Code of Audit Practice and International Standard of Auditing number 260 (ISA 260) to report to Members issues arising from the accounts audit. The ISA 260 details the significant findings from the audit by EY following their audit approach outlined in their audit plan presented to this committee in March 2016.
3. Members are specifically required to consider items that are classified as uncorrected audit differences, which officers propose not to adjust in the accounts. Officers have discussed the audit differences in the attached EY report and consider that neither of these items are material individually, or collectively, in the context of the Statement of Accounts as a whole. The items which officers are proposing to not adjust are as follows:-
4. Exit packages totalling £273,000 that haven't been included in 2015/16 accounts or disclosed in the notes. It has been common practice to only include exit packages up to a certain cut-off date in the previous year's accounts but the rules state that all exit packages agreed before 31 March should be included regardless of the timeframe. These exit packages will be picked up in the 2016/17 Accounts.
5. Release of £300,000 land reclamation provision for sites that have subsequently passed the date for a recall on the grant. This will be released in 2016/17.
6. EY are also required to report to management and the Audit Committee any significant deficiencies in internal control identified during their audit. In this regard, EY have not raised any significant matters, however they have noted that enhancements should be made to the review process relating to valuations. The recommendations were agreed by officers.
7. EY are expected to:
 - Give an unqualified opinion on the Council's 2015/16 accounts;

- Conclude that the Council have put in place proper arrangements to secure value for money in its use of resources.
 - Confirm that the Council's Annual Governance Statement is not misleading or inconsistent with other information known to them.
8. EY's report is attached at **Annex 1** and will be presented by a representative from EY.

Outcome of Consultation

9. The content of this report was not subject to consultation.

Recommendation

10. It is recommended that:-

- a) The Auditor's ISA 260 report on the Council's 2015-16 financial statements be noted
- b) The accounts be not adjusted in respect of the items listed in the report.
- c) The Audit Committee is requested to approve the attached IFRS compliant Statement of Accounts at **Annex 2** for the 2015-16 financial year.

Reasons

11. The recommendation is supported as it comprises part of the Council's corporate governance arrangements

Paul Wildsmith
Director of Neighbourhood Services &
Resources

Background Papers

- (i) Council's accounts 2015-16
- (ii) EY ISA 260

Peter Carrick: Extension 5401

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond the report comprising part of the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.