

7b Statement of Accounts 2016/17 and the Independent Auditor's Report to the Partnership 2016/17

o Purpose of Report and Background

This report submits the audited Statement of Accounts for 2016/17 to be approved by the Partnership Board for signature and for the information of the Board, the independent auditor's report on the audit.

o Background

Local Authorities and similar bodies are required to ensure that they demonstrate proper stewardship of their financial affairs. The Statement of Accounts, together with the opinion expressed by the independent auditor on the activities of the Partnership, is designed to meet these requirements.

The auditor for the Partnership, Audit Scotland, has expressed an unmodified opinion on these Statements and this is detailed in pages 11 to 13 of **Appendix 1**, the Statement of Accounts.

It is also a requirement of the governing regulations that the audited Statement of Accounts will be made available for public inspection and sale to interested parties at a reasonable charge. This charge has been set at £10 in past years and it is proposed that no alteration be made to this charge for printed copies of the Accounts. The audited Statement of Accounts will also be available on the Partnership website and can be accessed and downloaded free of charge.

o Statement of Accounts 2016/17

The Statement of Accounts is prepared in accordance with the Code of Practice for Local Authority Accounting in the UK. The document comprises a number of statements, but Members' attention is drawn to the following main items:

Pages 2 – 7	Management Commentary
Pages 11 – 13	Independent Auditor's Report
Page 15	Movement in Reserves Statement
Page 16	Comprehensive Income & Expenditure Statement
Page 17	Balance Sheet showing the financial position as at 31 March 2017

Other prescribed statements are included along with notes to the core financial statements as appropriate. There are no Group Accounts to be commented upon.

o **Significant change to the accounts**

There is a significant change to the accounts this financial year, due to the financial regulation IAS19, which requires Nestrans to disclose the pension liability that is due and also what pension assets are held in order to deal with this liability. Note 14 of the accounts gives detailed information on the Partnerships pension scheme as provided by the actuaries. The concept is that the accounts show all the liabilities that are due by Nestrans even though pension liabilities will only come to fruition when a person reaches pensionable age.

Historically the Partnership's accounts have shown a minimal profit/loss due to movements in the accrual for annual leave due to employees that they had not taken up by the end of the financial year. You will note that the accounts now show a significant loss this year (£384,000), and this is wholly attributable to the pension scheme, and is due to the actuaries re-measuring the value of the pension scheme in the current market. You will also note that this can swing significantly in the other direction, the restated 2015/16 figures show a profit (£35,000).

These accounts are consistent with other Roads Transport Partnerships and Local Authorities accounts.

o **Independent Auditor Report to the Board**

The independent auditor's report to the Board is an important aspect of the auditor's work in expressing an opinion on the Statement of Accounts. A copy has been included as **Appendix 2** to this report and Anne MacDonald, the Senior Audit Manager, will be in attendance to speak more fully to the Board on this document. The report covers the principal matters or issues that have arisen from the audit process and provides a useful commentary on the Partnership performance, corporate governance and best value achievement as well as a review of areas of significant audit risk. The report is very positive and attests to the strengths of the systems and controls we have in place to manage the financial activities of the Partnership.

The report highlights two action plans going forward that will be implemented in due course.

o **Recommendations**

The Board is recommended to:

- 1 Approve for signature the audited Statement of Accounts for 2016/17;
- 2 Consider the Independent Auditor's Report;
- 3 Agree that a £10 charge for a printed copy of the Statement of Accounts be made and that the Statements can be accessed and downloaded free of charge from the Nestrans website.

Alan Wood
Treasurer
08 September 2017