

## **ITEM FOR AUDIT AND STANDARDS COMMITTEE 25/09/17**

### **Statement of Accounts 2016/17 and External Auditor's Audit Findings Report**

**Submitted by:** Head of Finance

**Portfolio** Finance IT and Customer

**Ward(s) affected** All indirectly

#### **Purpose of the Report**

To approve the statement of accounts, receive the external auditor's Audit Findings Report for 2016/17 and to agree the Letter of Representation to the Auditor.

#### **Recommendations**

- a) **That the Statement of Accounts 2016/17 be approved and signed by the person presiding at the meeting.**
- b) **That the Audit Findings Report for 2016/17 be received.**
- c) **That the Letter of Representation be approved for signature by the Council's Section 151 Officer.**

#### **Reasons**

It is a statutory requirement, contained in the Accounts and Audit Regulations 2015, that the Council produces a Statement of Accounts detailing its financial transactions for the year and its position at the year end and that this is approved by a Committee no later than 30 September in the year following that to which the Statement relates.

The external auditor is required, according to the International Standard on Auditing (UK & Ireland) 260 (ISA 260), to report to you on matters affecting governance via an Audit Findings Report.

The Letter of Representation is a formal letter from the Council to the External Auditor stating various matters which the auditor needs to have confirmed in order to gain sufficient assurance to be able to certify the Council's accounts.

## **1. Background**

- 1.1 The Committee received a report on 3 July in relation to the draft Statement of Accounts and the Outturn position for 2016/17. The report explained that the 2016/17 Statement of Accounts does not have to be formally approved by a Council Committee until 30 September 2017. However, it was felt that members needed an earlier update on the position for 2016/17, which was the reason for this earlier report. The report set out information in relation to the outturn position and the main features of the Statement of Accounts, such as the balance sheet position, reserves levels and income and expenditure for the year. A copy of Sections 3 to 7 of this report, which outline the main features of the 2016/17 accounts is attached at Appendix 1.
- 1.2 The Committee now needs to formally receive the Statement of Accounts for 2016/17 for scrutiny and approval. Accordingly a copy of the Statement is appended at Appendix 2 for your consideration.

- 1.3 The external auditor appointed by the Audit Commission (Grant Thornton) is required, according to the International Standard on Auditing 260 (UK & Ireland) (ISA 260), to report to you on matters affecting governance via an Audit Findings Report.
- 1.4 The purpose of the report is primarily to allow the auditor to bring to the attention of the Committee any material mis-statements in the accounts for 2016/17, which your officers have declined to amend and any significant material mis-statements in the accounts submitted for audit which have been amended, together with any material weaknesses in internal control or areas of uncertainty. The report also contains the auditor's opinion on the Council's arrangements for achieving Value for Money.

## **2. Statement of Accounts 2016/17**

- 2.1 The Statement of Accounts now submitted to you has been audited by the Council's external auditor, Grant Thornton. As set out in the auditor's Audit Findings Report there are a number of technical amendments required to be made to the draft statement of accounts which was submitted for audit. In addition there were some presentational amendments and minor amendments below the materiality level which have been agreed with the auditor and which have been made to the Statement of Accounts. None of these amendments affects the bottom line, therefore, the amount of the positive variance on the General Fund Revenue Account (£6,037) reported to you in July is unchanged. There have been no alterations to entries in the underlying accounts.
- 2.2 The amount of the positive variance on the General Fund Revenue Account (£6,037) reported to you in July is unchanged.
- 2.3 The Council's Annual Governance Statement, which you approved at your July meeting, will be incorporated in the Statement of Accounts as in previous years. Please note that this has not been included in the Statement appended to this report, however, in order to save paper.
- 2.4 The Audit Certificate to be included in the Statement will be provided after this meeting, following receipt by the auditors of the agreed and signed Letter of Representation, subject to their final satisfaction with the accounts.

## **3. Audit Findings Report**

- 3.1 The external auditor's Audit Findings Report is attached at Appendix 3. The external auditor will present the report and attend the meeting, together with officers, to answer any questions raised by the Committee.
- 3.2 As stated earlier, the agreed amendments to the Statement of Accounts referred to in the Audit Findings Report do not change the amount of the positive variance (budget compared to outturn), i.e. the bottom line, in relation to the General Fund Revenue Account from that previously reported to members in July.

## **4. Letter of Representation**

- 4.1 The Letter of Representation is a formal letter from the Council to the External Auditor stating various matters which the auditor needs to have confirmed in order to gain sufficient assurance to be able to certify the Council's accounts. It has to be approved by your Committee and then signed by the Council's Section 151 Officer, i.e. the Executive Director - Resources and Support Services.
- 4.2 The proposed Letter of Representation is set out at Appendix 4.

## **5. Appendices**

Appendix 1: Extract from Report to Audit and Risk Committee 4 July 2016

Appendix 2: Statement of Accounts 2016/17

Appendix 3: Audit Findings Report Year Ended 31 March 2017

Appendix 4: Letter of Representation

## **6. Background Papers**

Report to Audit and Risk Committee 4 July 2016 “Draft Statement of Accounts 2016/17”;  
Audit Findings Report Year Ended 31 March 2017 produced by the External Auditor  
appointed by the Audit Commission; Letter of Representation 2016/17.