

Audit, Governance and Standards Committee

21st September 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

External Auditor's Audit Findings Report 2014/15

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Head of Service	Paul Riley, Head of Finance and Resources
Lead Officer and Report Author	Paul Holland, Senior Accountant (Client)
Classification	Public
Wards affected	N/A

This report makes the following recommendations to this Committee:

1. To note the contents of the Grant Thornton Audit Findings Report as attached at **Appendix A**, and to agree the response to the proposed recommendations.
2. To approve the audited Statement of Accounts for 2014/15 as attached at **Appendix B**.
3. To approve the Letter of Representation as attached at **Appendix C**.

This report relates to the following corporate priorities:

- Great People
- Great Place
- Great Opportunity

Timetable

Meeting	Date
Audit, Governance and Standards Committee	20 th July 2015 (draft)
Audit, Governance and Standards Committee	21 st September 2015 (final – audited)

External Auditor's Audit Findings Report 2014/15

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The amended Accounts & Audit Regulations 2011 require the audited Statement of Accounts (as attached at **Appendix B**) to be approved by the Audit, Governance and Standards Committee by 30th September.
 - 1.2 The external audit has now been completed, and the Audit Findings Report is attached at **Appendix A**. Representatives from the Council's external auditors, Grant Thornton will also be in attendance to answer any questions relating to this report.
 - 1.3 The Committee is also asked to consider and approve the Letter of Representation as attached at **Appendix C**.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The un-audited Statement of Accounts was reviewed by the committee at the meeting dated 20th July 2015. There was no requirement for it to be submitted at that point, but it was considered to be useful for committee members to receive the draft accounts submitted for audit in advance of formally approving the final version. At that time the external audit was in progress and has now been completed.
 - 2.2 Councils are required to advertise the arrangements for the public inspection of the Statement of Accounts and the date for the commencement of the audit. The public are also informed when the audit of accounts is concluded and to have access to copies of the accounts and any auditor's certificate, opinion or report relating to them.
 - 2.3 Auditing standards require the external auditor to report the findings of their work to those charged with governance, i.e. the Audit, Governance and Standards Committee. The Audit Findings Report attached at **Appendix A** to this report enables the committee to consider and formally approve the Statement of Accounts with the benefit of this information, and also allows the external auditor to take into account any comments from the committee prior to the issuing of the audit opinion.
 - 2.4 This process involves:
 - a) The submission of the Audit Findings Report and the Letter of Representation to the Audit, Governance and Standards Committee.
 - b) Taking into account any comments by the Committee, the issue by the external auditor of the audit opinion.
 - 2.5 All of the above issues must be addressed by 30th September 2015.
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3. AVAILABLE OPTIONS

- 3.1 The formal approval of the Statement of Accounts is a statutory requirement and therefore there are no alternative options.
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4. AUDIT FINDINGS REPORT

- 4.1 Grant Thornton have been appointed as the Council's independent external auditors by the Audit Commission. Following the closure of the Audit Commission in March 2015, this contract is now being overseen by Public Sector Audit Appointments Limited.
- 4.2 Their Audit Findings Report is attached at **Appendix A**. Representatives from Grant Thornton will be in attendance at the meeting to present the report and answer any questions prior to the committee formally approving the Statement of Accounts.
- 4.3 Amendments arising from the audit have been summarised on pages 13/14 of **Appendix A**. None of the amendments have affected the Council's General Fund balance at 31st March 2015. A number of other minor changes have also been made to improve the presentation and clarity of the Statement of Accounts.
- 4.4 The report also includes a review of Value for Money, and concludes that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources for the year ending 31st March 2015.
- 4.5 Within the review the Council's key performance indicators were considered, and an assessment was made against five themes underpinning the two Value for Money criteria specified by the Audit Commission. Overall the council was rated as green across all areas on the Red/Amber/Green scale. As part of this work, three residual risks were identified and rated as Amber. These matters are detailed on page 20 of **Appendix A** and will be revisited as part of the audit planning work for 2015/16.
- 4.6 Three recommendations relating to these risks have been made, and these are shown at page 26 of Appendix A, along with the officers response.
- 4.7 The external auditor intends to issue an unqualified opinion on the 2014/15 Statement of Accounts, and an unqualified Value for Money conclusion.
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5. LETTER OF REPRESENTATION

- 5.1 The Letter of Representation attached at **Appendix C** is written from the Council to the external auditor and will be signed by the Head of Finance and Resources.

- 5.2 This is provided for the purpose of expressing an opinion as to whether the Statement of Accounts gives a true and fair view in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.
- 5.3 The letter confirms that the Council has fulfilled its responsibilities and provided the external auditor with access to all information of relevance to the financial statements audit including records, documentation and other matters.
- 5.4 The letter also confirms that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. The appropriateness of this statement is evidenced by the fact that all services have full revenue budget provision for 2015/16 onwards and the capital programme, asset management plan and medium term financial strategy for 2015/16 onwards consider only service efficiencies and growth in corporate or service objectives.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Once the Statement of Accounts has been formally approved it is a statutory requirement that they be published by 30th September 2015.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Production of the annual Statement of Accounts which is free from material or significant error is a key element of the annual external assessment process. It is therefore important that the statement of accounts meets this requirement.	Head of Finance & Resources
Risk Management	The primary risks are that the Council fails to produce its accounts in accordance with the requirements of the Code of Practice or statutory timetable. A risk assessment has been undertaken in order to mitigate this risk.	Head of Finance & Resources

Financial	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2015, and details the council's assets, liabilities and reserves at this date.	Head of Finance & Resources and Finance Team
Staffing	Not applicable	
Legal	Not applicable	
Equality Impact Needs Assessment	Not applicable	
Environmental/Sustainable Development	Not applicable	
Community Safety	Not applicable	
Human Rights Act	Not applicable	
Procurement	Not applicable	
Asset Management	Not applicable	

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: External Auditor's Audit Findings Report
- Appendix B: Statement of Accounts 2014/15
- Appendix C: Letter of Representation

9. BACKGROUND PAPERS

None.